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East Asia

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Daily Report

East Asia

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Mekong Working Group Meeting Opens 28 Nov
*BK2811162394 Hanoi VNA in English 1436 GMT
28 Nov 94*

[FBIS Transcribed Text] Hanoi VNA Nov 28—Deputy Prime Minister Tran Duc Luong received here today heads of delegations of Cambodia, Laos, Thailand and Vietnam, and the UNDP to the 5th meeting of the Mekong Working Group.

Minister of Water Resources Nguyen Canh Dinh, Deputy Foreign Minister Tran Quang Co, and UNDP representatives in the above four countries were present at the reception.

Deputy Prime Minister Luong highly valued the role and significance of the 5th meeting, saying that the agreements reached at the meeting aims to create effective and sustainable management and use of the potentials of Mekong River which not only lay positive and long-term impact on the life of tens of millions of people of various nations living along the banks of the rivers, but is a new fine sight in accordance with the trend of peace, stability, cooperation and development on the world and in the Asian-Pacific region in general, and among countries in Asia and the Mekong River area in particular.

He also affirmed that Vietnam will do its best to promote the cooperation, friendship and create stable environment for development in many fields among countries in the region.

Mr. Nay Htum, UNDP assistant director for Asia and the Pacific, on behalf of the delegations' heads, stressed the important significance of the meeting and the agreement on Mekong River cooperation for sustainable development which is expected to be initiated at the meeting. He expressed his honour to contribute to and witness new steps in the process of negotiation to reach common agreements in effective exploitation and use of the Mekong River's potentials, and affirmed the UNDP's continued support in the new stage of cooperation, development and prosperity among countries along the banks of the Mekong River.

Development Agreement Signed

*BK2911084294 Bangkok BANGKOK POST in English
29 Nov 94 p 8*

[Report by Suphaphon Kanwerayothin from Hanoi]

[FBIS Transcribed Text] Vietnam and Cambodia plan to offer their capitals as the site for the Mekong River Commission's secretariat. The proposal follows yesterday's signing, joined by Thailand and Laos, of a draft cooperation agreement.

Vietnam's Deputy Minister for Water Resources, Phan Sy Ky, said Hanoi would offer to host the secretariat at the first meeting of the policy-making council provided for in yesterday's draft.

Cambodia's Environment Minister, Mok Maret, said Phnom Penh wanted to host the secretariat since Cambodia was in the middle of the lower Mekong basin and facilities were ready in Phnom Penh.

The secretariat of the now defunct Mekong Committee/Interim Mekong Committee is in Bangkok.

Vietnam's Deputy Prime Minister, Tran Duc Luong, witnessed the signing ceremony of the draft Agreement on the Cooperation for the Sustainable Development of the Mekong River which the four countries took almost two years to negotiate.

Representatives from the four governments at the ceremony hailed the agreement as heralding a new era of cooperation and pledged future efforts to make it work.

The four countries will pledge to use, manage and conserve the resources of the river for irrigation, hydropower generation, navigation, flood control, fisheries and timber transport.

The breakthrough that enabled the agreement to be initialled yesterday came in early November, said Prathet Sutabut, director-general of the Energy Affairs Department of the Ministry of Science, Technology and Environment.

It involved a compromise between Thailand and Vietnam on the question of equitable use of water.

In the process of negotiations, Vietnam is reported to have voiced serious concerns that its downstream position could be adversely affected by the use of Mekong River by Thailand.

Thailand wants to use the river for development of the Northeast, the country's poorest region. The river empties into the South China in Vietnam's Mekong Delta which is the country's largest rice-producing region.

Upon ratification by each government, there will be another official signing ceremony at ministerial level early next year that will bring the agreement into force.

Thailand will offer to host the official signing ceremony in Chiang Rai. Ministers gathering for the ceremony will immediately convene the inaugural Mekong River Commission's Council meeting.

Under the new set-up, the commission will have three permanent bodies: a council at ministerial level for making policies and decisions and settling disputes; a joint committee to carry out policies; and a secretariat to provide technical and administrative support.

The commission and its three permanent bodies will replace the Mekong Committee/Interim Mekong Committee, and the new agreement supersedes the previous 1957 statute that created the committee and the 1975 joint declaration on utilisation of water of the Lower Mekong Basin.

The new agreement also provides for the future entry of China and Burma, the two countries on the upper reaches of the River, to the commission.

China and Burma have 24 per cent of the water, but that percentage is crucial to the lower basin during the dry season.

Therefore these two countries should be brought into the resource-sharing scheme with the four riparian countries, Mr Prathet said.

The officials held talks yesterday and today on a range of issues to be tackled when the agreement goes into effect.

Minister Sees 'No Need' for ASEAN Military Pact

BK231114194 Kuala Lumpur NEW STRAITS TIMES in English 23 Nov 94 p 3

[FBIS Transcribed Text] Kuala Lumpur, Mon. [21 November]—There is no need for an Asean military pact or alliance as the region believes in military diplomacy in settling issues, Defence Minister Datuk Sri Najib Tun Razak said today.

He said Malaysia was unquestionably committed, along with its Asean partners, to preserve world peace.

"The experiences of certain countries like the conflict in the Balkans leading to tragedy in Bosnia-Herzegovina, should serve to remind us of the fragility of peace," he said.

Najib said the close relationship between the Armed Forces of Asean countries accounted for the close consultations between leadership ranks and defence establishments.

"Through bilateral military arrangements and joint exercises, there exists now a high degree of inter-operability between our armed forces to the extent that we can, at short notice, act in concert against external aggression, thanks to the confidence established among us," he said.

He said this at the opening of the six-day Seventh Veterans' Confederation of Asean Countries (Veconac) general assembly at the Crown Princess Hotel here.

Najib said through the established atmosphere of comfortability and confidence, there existed a transparency in Asean's military planning, procurement and development.

He reminded delegates that deterrence should be the cornerstone of Asean's defence policy to ensure peace and stability in the region, unlike previously when confrontations were the norm to settle conflicts.

In this respect, he said, Veconac and its affiliates, can play an important role at national and regional levels by contributing towards closer regional cooperation.

"Veterans form a large human resource pool which can be tapped for national development in the field of politics, business and other human endeavours.

"Human resource is a key factor in economic progress, replacing previous pre-requisites of land, labour and capital," Najib said.

ASEAN To Invite Burma to Brunei Conference

BK2911095894 Bangkok BANGKOK POST in English 29 Nov 94 p 8

[FBIS Transcribed Text] The Association of Southeast Asian Nations [ASEAN] has agreed to invite Burma to attend its next meeting of foreign ministers in Brunei in July, a senior Foreign Ministry official said yesterday.

The decision was reached in Bandar Seri Begawan early this month among senior officials meeting for the first time since Brunei took over the chairmanship of the ASEAN standing committee from Thailand in July. But ASEAN is yet to decide the status of Burma's attendance at what will be the 28th ASEAN ministerial meeting (AMM).

According to Deputy Foreign Permanent Secretary Sarot Chawanawirat, the ASEAN officials agreed that Burma's status at the Brunei meeting should be no lower than that with which it attended the 27th AMM in Bangkok four months ago.

Burma then attended its first ASEAN meeting as guest of host country Thailand.

Guest of ASEAN would be a higher status and require an invitation from the chairman of the standing committee, sources said.

An upgrading of Burma's status would depend on an improvement of the situation inside Burma and better relations between Rangoon and other countries, said Mr Sarot who led the Thai delegation to the so-called senior officials meeting in Brunei.

"ASEAN can make the decision on this issue if ASEAN is of the view that there are major improvements in Burma," he said.

The situation in Burma had improved and he expressed hope that this momentum would continue.

Japan

Government Threatens Not To Resume Auto Talks

OW2911124694 Tokyo KYODO in English 1238 GMT
29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—Japan is not prepared to resume auto trade talks with the United States as long as the latter continues to threaten sanctions, International Trade and Industry Minister Ryutaro Hashimoto said Tuesday [29 November].

The wide gap seen at the beginning of October still remains between the two countries, Hashimoto said in a speech at the headquarters of his party, the Liberal Democratic Party.

"Washington has pointed the gun at our temple. As long as this condition remains, there is no room to restart the stalled auto trade talks," Hashimoto said. Hashimoto was referring to Washington's Oct. 1 decision to launch an investigation into auto trade with Japan on the basis of the retaliatory Section 301 of the domestic trade law. On Oct. 1, Japan and the U.S. clinched a deal on "framework" talks except auto trade.

Hashimoto's relatively harsh comment on Tuesday came after a reported agreement between Tokyo and Washington in Jakarta on Nov. 10 to restart the auto and auto parts talks.

According to Japanese briefers, Hashimoto and U.S. Trade Representative Mickey Kantor agreed in Jakarta that the two nations would find the time to resume auto trade talks at an early stage.

This was taken by the media to mean that Tokyo and Washington had agreed to reopen auto talks.

During Tuesday's speech, Hashimoto said the U.S. side raised again in Jakarta issues which Japan thinks already settled during the Oct. 1 framework talks.

Washington renewed a request for the Japanese Government to play a role in expanding U.S.-made auto parts purchases by Japanese automakers and the number of Japanese dealers handling American cars, Hashimoto explained.

"Washington did not yield an inch on this point during the Jakarta meeting," Hashimoto said.

Hashimoto and Kantor met each other in Jakarta when they were attending a ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) forum on Nov. 11-12.

As a way to settle trade disputes between Japan and the U.S., Hashimoto proposed setting up a joint panel.

He said the U.S. and Canada have such a bilateral trade dispute settlement mechanism.

It might be difficult for Japan and the U.S. to create a rigid mechanism for the purpose, Hashimoto said. But a "loose and neutral" dispute settlement panel needs to be set up between Tokyo and Washington, he said.

However, he did not elaborate on specifics of the proposed mechanism.

Government Not Told About Faulty U.S. Pacemaker

OW2811145294 Tokyo KYODO in English 1433 GMT
28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—The U.S. manufacturer of a pacemaker sold in Japan and later found to have faulty lead wires failed to submit information to the Japanese Government on the part of the device that was found to have a defect, government officials said Monday [28 November].

The U.S. manufacturer Electronics applied to the Health and Welfare Ministry for permission to import and distribute the products in Japan, but the documents did not mention the part of the device that has resulted in fatal accidents, they said.

Damaged lead wires have been found in four cases in Japan and 11 others overseas.

In two of the 11 cases overseas, the wearers of the equipment died after the wire broke and pierced the heart muscle, leading to internal bleeding in the heart.

Of the four cases in Japan, one patient suffered from bleeding in the heart, but no deaths have occurred.

The Health and Welfare Ministry is considering imposing a penalty on the U.S. firm and the Japanese distributors of the pacemakers, Century Medical and Iryo Sangyo, for failing to provide all necessary information on the device, they said.

A total of 635 of the pacemakers, relying on a lead known as "accufix atrial j-type pacing lead 330-801," have been sold in Japan since January 1990, with 596 of them implanted in patients.

Electronics applied for permission in April 1992 and April this year to sell the product in Japan, while another company was granted permission in 1989 to sell the product in Japan, the officials said.

The U.S. company said its former Japanese business partner had apparently made a simple mistake in filling out the documents and Electronics failed to confirm the contents of the papers.

Tokyo Abstains on UN Disarmament Resolution Vote

OW2511034994 Tokyo KYODO in English 0258 GMT
25 Nov 94

[FBIS Transcribed Text] NEW YORK, Nov. 24 KYODO—The U.N. Disarmament Committee has

adopted a resolution asking the International Court of Justice (ICJ) to make recommendations regarding whether the use and threat of use of nuclear arms violate international law, U.N. officials said Thursday [24 November].

The resolution adopted by the First Committee of the U.N. General Assembly was proposed by nonaligned countries, and was adopted on 77 affirmative votes, 33 negatives and 21 abstentions, they said.

Nuclear states such as the United States, Russia, Britain and France were among the 33 which opposed the resolution, while China did not participate in voting and Japan abstained, they said.

The resolution is likely to pass the General Assembly in December and to urge the ICJ to once again ask its member states for opinions on the matter, they said.

The Hague-based international court called on the various nations concerned to submit a statement of opinion on the use of nuclear weapons after the World Health Organization (WHO) requested it to determine whether or not nuclear warfare violates international law in May 1993.

Japan was preparing to submit a paper that says the use of nuclear arms does not violate international law, but decided to delete the phrase in June this year after strong criticism from victims of the Hiroshima and Nagasaki atomic bombings.

Japan evaded a legal interpretation and instead said in the paper that the use of nuclear arms does not agree with humanitarianism, which is the ideological basis of international law, because of their tremendous destructive and killing power.

KEDO To Be Part of International Institution

*OW2611072294 Tokyo KYODO in English 0618 GMT
26 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 26 KYODO—Japan, the United States and South Korea have agreed that an international consortium to raise funds to replace North Korean reactors be part of an existing international organization, Foreign Ministry sources said Saturday [26 November].

At working-level negotiations among the three nations Nov. 18 in Washington, Japan proposed the consortium, tentatively named the Korea Energy Development Organization (KEDO), under an existing international organ such as the United Nations Development Program (UNDP) and the Asian Development Bank (ADB).

The U.S. and South Korea agreed to the Japanese proposal, the sources said.

Details of the project, including where the proposed organization will be established, will be discussed at a

second round of working-level negotiations in Washington in mid-December, they said.

Under a nuclear accord reached between the U.S. and North Korea on Oct. 21, Washington agreed to lead in organizing an international consortium to finance and supply light-water reactors for North Korea.

In return, Pyongyang agreed to dismantle its nuclear power program and replace graphite-moderated reactors with light-water models which produce less amounts of plutonium, a key ingredient for nuclear weapons.

The sources said the three nations hope to inaugurate the KEDO early next year.

They said the UNDP will be a likely choice for the organization since it is headquartered in New York, where North Korea maintains its U.N. mission. But the UNDP is limited to grant-in-aid programs and North Korea is not a member of the ADB.

Ruling Coalition To Sound Out Seoul on DPRK Trip

*OW2911003494 Tokyo KYODO in English 0004 GMT
29 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—The tripartite ruling coalition will dispatch two senior lawmakers to Seoul on Tuesday [29 November] to sound out the South Korean Government about its plan to send a delegation to North Korea, coalition sources said late Monday.

Going to the South Korean capital are Kosuke Hori, acting chairman of the Policy Affairs Research Council of the Liberal Democratic Party, and Nobuyuki Sekiyama, head of the Policy Board of the Social Democratic Party (SDP), the sources said.

The two are scheduled to meet South Korean Foreign Minister Han Sung-chu on Wednesday to brief him on the governing alliance's plan to send a joint delegation of the three coalition partners—the LDP, SDP and New Party Sakigake—to Pyongyang, they said.

The South Korean side has asked the coalition to consult it before formally contacting Pyongyang.

The delegation to North Korea, to be joined by the two legislators, is aimed at exploring the possibility of resuming stalled talks with Pyongyang to establish diplomatic ties between Tokyo and Pyongyang. The government-level normalization talks collapsed in 1992.

DPRK Fails To Reply to Inquiry

*OW2811132194 Tokyo KYODO in English 1231 GMT
28 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—North Korea has not yet responded to an inquiry from Japan's three ruling coalition parties as to whether it will allow an advanced team for a coalition mission to visit

Pyongyang to sound it out on resuming normalization talks with Tokyo, two coalition executives said Monday [28 November].

Liberal Democratic Party [LDP] Secretary General Yoshiro Mori and Social Democratic Party Secretary General Wataru Kubo made the remarks at separate news conferences.

Kubo said, "the ball has not yet returned from the North Korean court."

The current plan envisages a tripartite advanced team of Kosuke Hori, deputy chairman of LDP Policy Affairs Research Council, SDP Policy Affairs Research Council Chairman Nobuyuki Sekiyama, and New Party Sakigake [Harbinger] legislator Asahiko Mihara.

In a related development, sources close to the North Korean Government in Tokyo said, "Pyongyang has not yet altered its policy of welcoming an advance team with an eye to realizing a proposed visit by a delegation from the ruling coalition."

Their remarks came a few hours after the Foreign Ministry told a parliamentary panel that the government will not be constrained by a 1990 statement calling on Tokyo to pay Pyongyang compensation for wartime suffering and postwar losses.

North Korea has said that for talks on establishing diplomatic ties to resume, Tokyo must first honor the declaration made in 1990 by the LDP, the SDP and the Workers Party of Korea (WPK). The three parties issued the declaration in September 1990 when delegations from the LDP and the SDP visited Pyongyang.

Coalition Not To Send Advance Team

OW2911101894 Tokyo KYODO in English 0923 GMT
29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—The governing coalition will not send an advance team to North Korea this weekend because of Pyongyang's refusal to accept a Japanese mission later this year, a senior coalition official said Tuesday [29 November].

Wataru Kubo, secretary general of the Social Democratic Party [of Japan] (SDP) [SDPJ], a partner of the tripartite coalition, made the revelation at a news conference.

The advance team, which was originally planned to be sent from Friday through Sunday, was to precede a high-powered mission aimed at breaking ground in stalled bilateral normalization talks.

Given its unique relationship with the ruling Workers Party of Korea, the SDPJ has been negotiating with the north on the dispatch of the working-level advance team.

As long as dispatch of the team is impossible, the ruling coalition will be unable to send a full-scale delegation by the end of the year, Kubo said.

Pyongyang attributed its refusal to accept the mission to a remark made by a Japanese politician and a government official, according to Kubo.

Foreign Ministry officials said they have no knowledge of the alleged remark by a Japanese diplomat stationed in the United Nations.

Finance Minister Masayoshi Takemura spoke Sunday of the need to review a 1990 joint declaration that urges Japan to pay compensation for "losses" incurred by the north after World War II.

The Liberal Democratic Party (LDP), the SDPJ and the Workers Party of Korea issued the declaration in September 1990, when delegations from the LDP and the SDPJ visited Pyongyang.

Korean 'Comfort Women' Call For Compensation

OW2611112294 Tokyo KYODO in English 1023 GMT
26 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 26 KYODO—Three Korean women, who were forced to provide sex for Japanese soldiers during World War II, called on the Japanese Government Saturday [26 November] to apologize and compensate individual victims of war crimes committed by the former Japanese Army.

The three women and their supporters from the Tokyo-based Association to Clarify Japanese Responsibility in World War II made the request in a gathering and demonstration in Tokyo to protest against the government's policies regarding postwar issues.

Kang Sun-ae, 68, one of the sexual victims often called "comfort women," told some 150 participants, "We did not come to Japan to beg for money but to seek justifiable compensation."

The Korean women and some members of the Tokyo group have been on hunger strike since Thursday morning in front of a House of Representatives building. The strike is scheduled to continue until Dec. 3.

The ruling coalition of the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake [Harbinger] agreed Friday to set up a private fund, to be mostly covered by donations from citizens, to pay "consolation money" to former comfort women.

The supporters of the former comfort women oppose the plan, saying the private fund will blur the issue of Japan's responsibility.

Takemura Seeks Review of Compensation Promises

OW2711111894 Tokyo KYODO in English 1101 GMT
27 Nov 94

[FBIS Transcribed Text] Utsunomiya, Japan, Nov. 27 KYODO—Finance Minister Masayoshi Takemura said Sunday [27 November] it is necessary to review the 1990

joint declaration issued by two Japanese political parties and the North Korean ruling party which urged Japan to pay compensation to North Korea for "losses" after World War II.

Takemura, leader of New Party Sakigake [Harbinger], a member of the tripartite ruling coalition, told reporters it is not right to acknowledge compensation for after the war.

The Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and the Workers Party of Korea issued the declaration in September 1990 when delegations from the LDP and the SDP visited Pyongyang.

The declaration said, "The three parties consider that Japan should fully and officially apologize and compensate to the Democratic People's Republic of Korea for the enormous misfortunes and miseries imposed upon the Korean people for 36 years and the losses inflicted upon the Korean people in the ensuing 45 years after the war."

The Korean Peninsula was under Japanese colonial rule from 1910 to 1945.

The LDP and the SDP have agreed to send negotiators to North Korea in early December to discuss sending a Japanese coalition mission to Pyongyang in an effort to resume bilateral normalization talks, which collapsed in November 1992.

Kim Yong-sun, secretary of the Workers Party of Korea, said in an interview with a Japanese television network Nov. 8 that Pyongyang will accept the Japanese delegation only after Tokyo reaffirms the validity of the joint declaration.

Not Bound by 1990 Statement

*OW2811063694 Tokyo KYODO in English 0610 GMT
28 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—The Japanese Government will not be constrained by a 1990 statement calling on Tokyo to pay Pyongyang compensation for wartime suffering and postwar losses, a Foreign Ministry official said Monday [28 November]. North Korea has said that for talks on establishing diplomatic ties to resume, Tokyo must first honor the declaration made in 1990 by the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and the Workers Party of Korea (WPK).

"If negotiations are resumed, we will respond with our unchanged position which differs from the tripartite declaration," Yutaka Kawashima, head of Asian affairs at the Foreign Ministry, told the House of Representatives Foreign Affairs Committee.

"North Korea stresses in its unofficial dealings that Japan's returning to the line of the tripartite declaration would be the path to get talks moving," Kawashima said.

The three parties issued the declaration in September 1990 when delegations from the LDP and the SDP visited Pyongyang. The declaration said, "The three parties consider that Japan should fully and officially apologize and compensate to the Democratic People's Republic of Korea for the enormous misfortunes and miseries imposed upon the Korean people for 36 years and the losses inflicted upon the Korean people in the ensuing 45 years after the war."

The LDP and the SDP have agreed to send negotiators to North Korea in early December to discuss sending a Japanese coalition mission to Pyongyang in an effort to resume bilateral normalization talks, which collapsed in November 1992. Kim Yong-sun, a WPK secretary, said in an interview with a Japanese television network Nov. 8 that Pyongyang will accept the Japanese delegation only after Tokyo reaffirms the validity of the joint declaration.

ROK Navy Ships To Dock at Port for First Time

*OW2811142194 Tokyo KYODO in English 1302 GMT
28 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—South Korean Navy ships will dock at a Japanese port for the first time from Dec. 20-23 in a friendship program between the two countries' military authorities, officials of the Defense Agency said Monday [28 November].

The three training ships of the South Korean Navy—two frigates and a supply ship—will stop in Tokyo at the end of their overseas training mission to Europe, the officials said.

Training ships of Japan's Maritime Self-Defense Force will dock at a South Korean port in return, but the timing has not been fixed, they said.

Further on Visit by Russian Deputy Premier

Press Release Issued on Visit

*OW2911053094 Tokyo KYODO in English 0504 GMT
29 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—Japan and Russia on Tuesday [29 November] pledged to try to resolve a decades-long territorial dispute haunting bilateral relations and conclude a peace treaty as early as possible, in a joint press release Tuesday. The two sides also vowed efforts to expand the bilateral relations in a balanced way for a true partnership.

The press release was issued a day after Russian First Deputy Prime Minister Oleg Soskovets concluded political and economic talks with Japanese leaders including Prime Minister Tomiichi Murayama, Foreign Minister Yohei Kono and International Trade and Industry Minister Ryutaro Hashimoto. Soskovets is on a five-day visit to Japan since Sunday.

The release said Tokyo and Moscow confirmed during the series of talks their commitment to abide by the Tokyo Declaration signed when President Boris Yeltsin visited Japan in October 1993. Tokyo and Moscow agreed in the declaration to seek a solution to the nagging territorial problem based on the principles of "law and justice," while confirming that all treaties and international agreements concluded between Japan and the former Soviet Union will continue to be applied to relations between Japan and Russia.

Japan has for decades been demanding the return of four islands off Japan's northernmost main island of Hokkaido that were seized by the former Soviet Union at the end of World War II. The row over the islands—Etorofu, Shikotan, Kunashiri and the Habomai islets—has prevented the two sides from concluding a peace treaty.

Tokyo and Moscow also agreed during Soskovets' visit that they should overcome the "negative inheritance" from the past, pointing out that next year marks the 50th anniversary of the end of World War II, the press release said.

The two sides agreed on the need to continue promoting political dialogue on all levels. Yeltsin invited Murayama to visit Russia, while Murayama extended an invitation to Russian Prime Minister Viktor Chernomyrdin to visit Japan.

The press release also noted that Japan and Russia agreed to begin in the near future formal bilateral negotiations on fishing rights. Russian patrol boats have fired at and detained Japanese fishing vessels in the waters near the four Russian-held islands claimed by Japan. Japan has been rejecting Russian demands to pay for the fishing rights, arguing that would amount to recognizing Russian sovereignty over the disputed islands.

The paper, summarizing the contents of talks between Soskovets and the Japanese leaders, said Japan and Russia agreed to promote ties on the trade and economic front in balance with overall bilateral ties, by taking into account the huge potential for bilateral cooperation in the area. As part of such efforts, the two sides agreed to set up cabinet-level committee to discuss bilateral economic and trade problems with Soskovets and Kono chairing the committee, it said. Soskovets invited Kono to visit Russia to hold the committee meeting, it said.

Soskovets Says Patience Needed

OW2911081094 Tokyo KYODO in English 0757 GMT
29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—Russian First Deputy Prime Minister Oleg Soskovets said Tuesday [29 November] patience on both sides is necessary to solve the long-standing territorial dispute with Japan but brushed aside suggestions that Russia's domestic chaos is hindering a solution to the problem.

"I told the Japanese leaders in meetings that we pledge our loyalty to the Tokyo declaration," Soskovets told a press conference through an interpreter.

"I also told them that to realize the spirit (of the declaration), both sides have to be patient," he said.

Tokyo and Moscow agreed in the Tokyo declaration when President Boris Yeltsin visited Japan in October 1993 to seek a solution to the nagging territorial problem based on the principles of "law and justice."

They also confirmed that all treaties and international agreements concluded between Japan and the Soviet Union will continue to be applied to relations between Japan and Russia.

Japan has for decades been demanding the return of four islands off Japan's northernmost main island of Hokkaido that were seized by the former Soviet Union at the end of World War II. The row over the islands—Etorofu, Shikotan, Kunashiri and the Habomai islets—has prevented the two sides from concluding a peace treaty.

Soskovets said Russia's domestic political situation is stable and countered suggestions that instability is hindering a solution to the territorial dispute.

"I was surprised at how Japanese political parties tie up and separate so often but are still able to maintain a strong and stable economy," he said. "So various political processes are essential for a democratic society."

Soskovets, on a five-day trip since Sunday as the first Russian leader to visit Japan since Yeltsin, said he is satisfied with the series of talks he had with Japanese leaders and pledged to do his utmost to create a "true partnership" between Russia and Japan.

He particularly gave high marks to an agreement by Japan and Russia to set up a cabinet-level economic committee to discuss bilateral trade and economic problems because it would contribute to steadily developing bilateral ties.

Soskovets also indicated that Tokyo and Moscow are close to an agreement on fishing rights in the waters near the Russian-held islands, saying the two sides will be signing documents concerning the matter soon.

Vladimir Korelskiy, chairman of the Russian Fisheries Committee, told the same press conference Russia is ready to sign the documents by the end of the year and that the ball is in Japan's court.

Russian patrol boats have fired at and detained Japanese fishing vessels in the waters near the four disputed islands.

Soskovets agreed with Foreign Minister Yohei Kono in a meeting Saturday to begin official negotiations concerning fishing rights.

In the informal meetings, Japan has been rejecting Russian demands to pay for fishing rights, arguing that would amount to recognizing Russian sovereignty over the disputed islands.

Japan instead suggested offering funds to help Russia preserve fishing resources, rather than perceiving such money as a fishing fee.

Kono-Soskovets Talks Viewed

OW2911015994 Tokyo YOMIURI SHIMBUN in Japanese 28 Nov 94 Morning Edition p 2

[FBIS Translated Text] The 27 November meeting between Foreign Minister Yohei Kono and Russian First Deputy Prime Minister Oleg Soskovets reconfirmed the 1993 Tokyo Declaration as the foundation for future negotiations on the northern territories issue. In addition, the two leaders agreed to open full-fledged negotiations on the safety of Japanese fishing boats operating in waters off the northern islands.

The government thinks the Kono-Soskovets talks brought about "satisfactory achievements" (as noted by a Foreign Ministry source). However, the 27 November agreement looks like an economic cooperation accord made without any achievement on the territorial issue, and this is likely to arouse controversy over the contradiction with Japan's principle of "balanced expansion" to seek normalization of Russian ties in political and economic fields at the same time.

Kono: A settlement of the territorial issue would greatly influence the development of bilateral business and trade relations.

Soskovets: (To settle the territorial issue,) it is necessary for the people of both nations to strengthen the sense of mutual dependence. The promotion of bilateral trade and economic relations is important in this regard.

At the tete-a-tete talks, Kono and Soskovets intensively discussed the territorial issue. However, Japan again stressed that settlement of the territorial issue is a prerequisite for economic cooperation, while Russia said economic cooperation must come first. Kono stressed the need for settling the territorial issue, saying "The Japanese people support Russia's reform efforts, but they still have strong views on the existence of the unsettled territorial dispute." In response, Soskovets showed a certain understanding of Kono's position, saying "Russia respects every single section" of the Tokyo Declaration. However, he added: "It is difficult to settle the territorial issue all at once since it involves complicated public sentiment."

On the other hand, he called for deeper trade and economic relations, saying: "Current relations between the two nations do not appropriately reflect their potential. Rather, it seems to me that bilateral relations are getting weaker." Japan's trade with Russia (or the former Soviet Union) has gone down gradually since its peak in

1989 (\$6 billion); the Russian Government wants to expand bilateral trade anyhow.

In connection with Russia's interest in economic cooperation, Soskovets referred to Japanese fishing boat operations in waters off the northern islands. He asked about his proposal for a "free economic zone" on the northern islands; Kono, however, rejected the idea, noting "difficulties concerning basic positions on the territorial issue."

In consideration for Soskovets, who is in charge of economic affairs, the Japanese Government tried to pave the way for future territorial negotiations by emphasizing economic cooperation. Under that strategy, Kono accepted Soskovets' proposal for a ministerial-level "trade and business committee" (tentative name). However, "economic cooperation without the guarantee of a settlement of the territorial issue" is likely to arouse criticism from both the ruling and opposition parties.

Kono obtained Soskovets' commitment for opening full-scale talks on fishing rights in the northern waters, but they did not touch on issues concerning sovereignty rights, such as law enforcement and judicial procedures in the area. As a whole, the Kono-Soskovets talks highlighted the reality surrounding the northern territories.

Sakhalin Indigenous People Demand Compensation

OW271104194 Tokyo KYODO in English 1013 GMT 27 Nov 94

[FBIS Transcribed Text] Sapporo, Nov. 27 KYODO—A support group for indigenous people of the Russian Far East island of Sakhalin who died after being conscripted by Japan during World War II decided Sunday [27 November] to demand that the Japanese Government pay 200 million yen in compensation to bereaved families.

The Uilta Association made the decision at a meeting in Abashiri, said Ryo Tanaka, a member of the association.

A total of 58 indigenous people of Uilta, Nibuxi and Ulchi have been confirmed dead after they were conscripted by Japanese intelligence organizations during the war, according to the association.

Sakhalin's southern half was Japanese territory until the end of the war.

The group will submit a letter to the Japanese Government on behalf of relatives of the victims in January demanding that it officially apologize for the conduct, build a joint cenotaph at a Sakhalin graveyard and pay compensation money, Tanaka said.

The conscripted people were forcibly engaged in intelligence operations near the border with the former Soviet Union on the island, the association said.

Among the 58 victims, locations of relatives of 37 have been confirmed and relatives of six victims live in Japan, the association said.

Government Offers Aid Package to Russia

OW2311141194 Tokyo KYODO in English 1345 GMT
28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Japan's trade ministry on Monday [28 November] unveiled an aid package for Russia to help stimulate its trade and industrial activities.

International Trade and Industry Minister Ryutaro Hashimoto offered the package, called "The Hashimoto Plan," to Russian First Deputy Prime Minister Oleg Soskovets, who arrived in Japan on Sunday to discuss a wide range of bilateral economic issues.

The package is intended to assist smooth implementation of a three-year Russian economic reform program from 1995, by beefing up aid in three areas—export promotion, industrial restructuring and formation of industrial policy designed to ensure stable economic growth, an official at the Ministry of International Trade and Industry (MITI) told reporters.

Soskovets, a minister in charge of economic and industrial affairs, is the first high-level Russian politician to visit Japan since President Boris Yeltsin's visit in October 1993.

During a 60-minute meeting with Hashimoto, Soskovets said Russia will maximize its reform efforts in line with the Japanese aid plan, MITI officials told reporters.

Hashimoto and Soskovets agreed the two countries will monitor implementation of steps shown in the Hashimoto plan on a regular basis, the officials said.

Japan accepted a Russian request to resume bilateral negotiations for trade insurance coverage for a large-scale oil project by Lukoil in west Siberia, the officials said.

Measures to expand Russian exports focus on modernization of production facilities in the energy sector, an area responsible for 48 percent of Russia's overall exports.

Hashimoto was quoted as saying MITI is ready to accept trade insurance coverage for Russia's facility improvement investment in the energy sector, in line with a credit line Japan set in October 1991 and April 1993.

Of the combined 2.9 billion dollar credit line for trade insurance, 1.8 billion dollars has yet to be used.

The Japan External Trade Organization (Jetro), an auxiliary organ of MITI, will utilize its database and sponsor trade missions to Russia and trade fairs for that country to determine Russian industries and enterprises with great export potential.

Steps to reform Russia's industrial structure include formulation of a productivity-enhancing program for former state-owned large enterprises and creation of a Japan-Russia industrial cooperation system.

The three-year productivity-enhancing program features training of Russian executives by Japanese business consultants and quality-control experts.

The bilateral industrial cooperation system is aimed at promoting Japanese investment in Russia and technology transfers, MITI said.

Russian economic reforms have entered into a second stage, following the recent downturn in inflation rates and improvement in production, distribution and consumption.

Under the coming three-year reform program, Russia aims to reinforce its industrial productivity and upgrade economic fundamentals to secure sustainable growth.

The reforms are intended to transform Russia's economy to one based on market principles.

The Hashimoto plan also includes continued support of small and medium enterprises in Russia.

Specifically, Japan will send about 20 experts a year to Russia for training of workers at small companies while accepting up to 40 Russian trainees annually, the MITI officials said.

As a means to help formulate Russia's industrial policy, Japan will dispatch about four Jetro officials annually, they said.

Hashimoto expressed MITI's readiness to take part in a Japan-Russia Trade and Economic Committee, a governmental body both parties agreed to set up on Sunday, the officials said.

The Lukoil project involves 700 million dollars in Japanese exports of pipes and pumps and other oil production facilities.

Hashimoto conditionally accepted an immediate resumption of the stalled talks for MITI to extend trade insurance to Japanese exporters, the MITI officials said.

Specifically, Hashimoto asked Russia to open an escrow account outside the country as a way of ensuring settlement of trade payments by Russia.

Hashimoto also demanded the Russian Government take appropriate steps so that the Russian company supervising the pipeline network under the Lukoil project can ensure smooth transportation of the oil produced.

Part of the remaining 1.8 billion dollar credit line Japan still has with Russia will cover the trade insurance in question, the MITI officials said.

Russia regards the Lukoil project as an effective way of expanding its foreign currency reserves. Lukoil is the largest oil producer in Russia.

The Japan-Russia trade insurance talks for that project have been deadlocked since the recent payment halt by Russia of commercial debt owed to Japanese trading houses.

Government To Introduce New Aid for Ukraine

OW2811043494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Nov 94 Evening Edition p 1

[FBIS Translated Text] Following Ukraine's decision to join the Nuclear Nonproliferation Treaty (NPT), the Japanese Government has firmed up its plan to give new financial support to Ukraine. The new financial support includes plans: 1) to start providing aid for the introduction of a market economy in the Ukraine by using Export-Import Bank of Japan loans; 2) to increase financial aid for dismantling nuclear weapons, including missiles, the closure of Chernobyl-type nuclear power plants, and the introduction of alternative energy sources; and 3) to implement emergency aid while taking the distressed Ukrainian economic situation into consideration. The government plans to invite Ukrainian President Leonid Kuchma to Japan in February to inform him of the aid plan. It seems that the financial support is also aimed at urging European countries to provide cooperation in converting North Korean nuclear reactors to light-water reactors by boosting Japan's cooperation in making the Ukraine free of nuclear weapons; European countries are very interested in denuclearizing Ukraine.

Although the Ukraine has been enjoying agricultural and industrial development for some time, it is suffering from a worsening international balance of payments. However, since the Ukraine's gross national product (GNP) is high, it is not eligible for official development assistance, which is given to developing countries. Because of this, it seems that Export-Import Bank of Japan loans and emergency aid will be the main pillars of concrete financial support. The amount of aid will be determined at future working-level meetings. Regarding "aid for denuclearization," which will be given to dismantle missiles and transport nuclear warheads in the Ukraine, the government will significantly increase its current aid level, which is \$16 million a year.

Regarding aid to Ukraine, the seven industrialized nations (G-7) agreed at their summit meeting (the Naples summit) to give financial support amounting to more than \$4 billion in the next two years. In addition to (about 2.8 billion yen worth of) support to victims of the Chernobyl accident, Japan is giving the Ukraine medicine and medical equipment, which are worth 300 million yen.

On 16 November, the Ukrainian parliament approved a plan to join the NPT on the condition that other nuclear

states assure security and that nuclear materials taken from dismantled nuclear weapons be used in Ukraine for peaceful purposes. The United States decided to sign a "U.S.-Ukraine Charter," which stipulates security and economic relations between the two countries, and to give the Ukraine an additional \$100 billion in aid to improve its international balance of payments. It is expected that the United States may ask Japan to boost its support for Ukraine.

Moreover, it is said that "due to their geographical distance from North Korea and other reasons," the European countries do not feel a sense of urgency about North Korea's suspected nuclear weapons development although the 'nuclear threat' is the same as the Ukrainian nuclear weapons, (according to a senior official of the Ministry of Foreign Affairs). By announcing its comprehensive support measures for the Ukraine, the Japanese Government will strengthen its call for European countries to participate in an international consortium, the "Korean Energy Development Organization (KEDO) (tentative name)."

German Envoy Urges Removal of Non-Tariff Barriers

OW2911135494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Nov 94 Morning Edition p 23

[Report on interview with German Ambassador to Japan Heinrich-Dietrich Dieckmann by unidentified NIHON KEIZAI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] Japan and Germany play important roles in Asia and Europe respectively, and the two regions should curb any tendency to become inward-looking by increasing their mutual interest. On the trade front, the world should not split into the European Union (EU), the North American Free Trade Agreement (NAFTA) and the Asia-Pacific Economic Cooperation (APEC) forum.

As the German Ambassador to Japan, I am particularly interested in smoothing over economic issues between Japan and Germany, helping German enterprises move into Japan, and further opening the Japanese market. What is important is that both the Japanese and German economies face structural issues. Every nation is eager to move into dynamic Asia and it is important that Germany is part of this.

The German trade deficit with Japan is not an issue in itself. Like the United States, European nations hope that Japan will remove its non-tariff barriers by promoting the relaxation of regulations and effectively open its market. It is regrettable that Japan tends only to respond to foreign pressure without voluntarily taking action.

Japan and Germany have respected each other so far because of their great economic and technological influence. The peoples of the two countries feel friendly toward each other thanks to their longstanding cultural

and musical exchanges, and these friendly feelings should be handed down to the next generation. Shelves at German bookstores are filled with many books authored by Japanese writers and this is an indication that broad-ranging walks of life in Germany are greatly interested in Japan. The FRANKFURTER ALLGE-MEINE in Germany began running a novel written by Kensaburo Oe just when he was nominated a winner of the Nobel prize for literature. This is a happy coincidence.

It is necessary to overcome the language barrier to increase the cultural understanding. At present, the number of Japanese studying German far exceeds the number of Germans studying Japanese. I hope that, to make it easier for Germans to study in Japan, Japan will remove promote the relaxation of regulations and so help remove disincentives such as the high cost of staying in Japan and the administrative procedures.

As a member nation of the Organization for Economic Cooperation and Development (OECD) Japan holds a very important position in Asia, and for Germany, Japan is a very important partner in the political and economic fields. It is very important for each country that they exchange their views on international issues.

Tokyo, Bonn To Found High-Tech Council

OW2811084394 Tokyo KYODO in English 0755 GMT
28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Japan and Germany will formally establish a long-planned joint cooperation council on high technology and environment technology next month, the German ambassador to Tokyo said Monday [28 November].

The council, proposed by German Chancellor Helmut Kohl during a Japan visit in February 1993, will hold its first session in Tokyo on Dec. 12 and 13, Heinrich-Dietrich Dieckmann said during a luncheon at the Japan National Press Club.

Aimed at sounding out ways of closer cooperation in science and technology between enterprises, the council will group German and Japanese industrialists, scientists and politicians.

The council will be headed jointly by former German Research and Technology Minister Heinz Riesenhuber and Wataru Mori, chairman of Japan's Council for Science and Technology.

Dieckmann, while stressing it was "unrealistic" to expect decisions on concrete projects, said the two-day meeting will mark the beginning of "very intensive" talks on closer cooperation in the field.

Asked whether the long preparatory period was due to a lack in enthusiasm for Kohl's idea on the Japanese side, Dieckmann attributed the delay to the "complex procedure" in reaching agreements on the list of council members, its agenda and its future workings.

"I am confident we will be able to hold a successful session," he said.

Kuwaiti Oil Minister Holds Talks With Murayama

OW2811092894 Tokyo KYODO in English 0905 GMT
28 Nov 94

[FBIS Transcribed Tex.] Tokyo, Nov. 28 KYODO—Japan and Kuwait agreed Monday [28 November] on the need to urge Iraq to comply with all post-Gulf war UN resolutions, including one obligating Baghdad to free 625 Kuwaiti civilians still detained, Foreign Ministry officials said.

Prime Minister Tomiichi Murayama and Kuwaiti Oil Minister 'Abd-al-Muhsin al-Mid'aj reached the accord during a meeting at the premier's official residence, the officials said.

Al-Mid'aj was quoted as telling Murayama that Iraq "has not yet lived up to all the UN Security Council resolutions, although Iraq's recent agreement to recognize Kuwaiti borders constituted a step forward."

In reply, Murayama expressed similar views backing the Kuwaiti position, the officials said.

Al-Mid'aj was referring to the three council resolutions adopted in 1991 after Iraq was defeated by U.S.-led multinational forces in the Gulf war, they said.

Resolution 686 urges Baghdad to release the Kuwaiti civilians who were captured during the 1990-91 Iraqi occupation of Kuwait and have been detained in Iraq since the end of the war.

Resolution 715 obligates Baghdad to accept UN inspectors to verify compliance with its vow to dismantle weapons of mass destruction, including Scud missiles, while resolution 688 urges Baghdad to stop suppression of the Kurd minority in northern Iraq and of Shi'ite Muslims in southern Iraq.

When asked to exert Japanese influence in forcing Baghdad to free the Kuwaiti civilians now in detention, Murayama was quoted as saying merely, "it is necessary to examine the intentions of Iraq cautiously."

Minister Optimistic on Oil Rights

OW2811055294 Tokyo KYODO in English 0447 GMT
28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Kuwait's Oil Minister 'Abd-al-Muhsin al-Mid'aj on Monday [28 November] showed a positive stance toward extending oil concessions to Japan's Arabian Oil Co. beyond 2003, Japanese Government officials said.

Meeting with Japanese International Trade and Industry Minister Ryutaro Hashimoto, al-Mid'aj was quoted as saying that he has "optimistic prospects" that Kuwait will renew a contract with Arabian Oil beyond the

current 2003 expiration date. The question of whether to extend the deal is now under consideration at higher levels, al-Mid'aj said, according to the officials.

Hashimoto was quoted as saying that Kuwait's decision on extending the deal may represent "a positive signal" for encouraging investment in the country by other Japanese companies. Arabian Oil has explored oil in Kuwait under a 45-year deal signed in 1958. Japan has repeatedly asked Kuwait to make an early decision on requested renewal of the deal.

Paraguayan President Arrives for Visit

OW2611124594 Tokyo KYODO in English 1200 GMT 26 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 26 KYODO—Paraguayan President Juan Carlos Wasmosy arrived in Tokyo on Saturday [26 November] for a visit which includes a meeting with Prime Minister Tomiichi Murayama and an audience with Emperor Akihito.

Wasmosy's talks with Murayama and Emperor Akihito are set for Monday and Tuesday, respectively, Foreign Ministry officials said.

Wasmosy, 55, is being accompanied by Foreign Minister Luis Maria Ramirez Boettner, and Industry and Commerce Minister Ubaldo Scavone.

Government Extends Loans, Aid

OW2811132294 Tokyo KYODO in English 0935 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Japan pledged Monday [28 November] to loan Paraguay up to 8.1 billion yen and grant 462 million yen to help the Latin American country boost electricity supply, increase food production and promote its musical arts, the Foreign Ministry said.

Foreign Minister Yohei Kono and his Paraguayan counterpart Luis Maria Ramirez Boettner exchanged documents on the Japanese aid at the prime minister's official residence, the ministry said.

The 8.1 billion yen loan will be extended to cooperate in Paraguay's project to expand an electric power distribution network in the country's capital of Asuncion.

The 30-year-loan has a 10-year grace period and carries an annual interest rate of 3 percent.

Up to 450 million yen will be granted to help Paraguay purchase fertilizer, agricultural chemicals and equipment to increase the nation's food production.

Another 12 million yen will be extended as cultural grant-in-aid to help the municipal office of Peduro Juan Caballero, a city bordering with Brazil, purchase musical instruments.

Government To Give Burma 200 Million Yen

OW2411132494 Tokyo KYODO in English 1251 GMT 24 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 24 KYODO—The Foreign Ministry decided Thursday [24 November] to give a total of 200 million yen in grants to Myanmar [Burma] under a five-year program to help the nation's ruling junta vaccinate infants, ministry officials said.

Japan has frozen the disbursement of most of its official development assistance [ODA] to Myanmar since the junta took power in a 1988 coup, at which it violently suppressed pro-democracy demonstrations.

The latest decision to expand the size of its ODA came in response to a recent decision by the ruling State Law and Order Restoration Council (SLORC) to revive dialogue with leading Myanmarese dissident politician Aung San Suu Kyi, the officials said.

Japan hopes to "help push democratization of the nation" by resuming the latest aid, the officials said.

Since 1988, Japan has limited ODA extension to a grant-in-aid of up to 5 million yen for urgent and humanitarian purposes.

The 49-year-old Nobel Peace Prize laureate has been under house arrest since July 1989.

Gen. Than Shwe, SLORC chairman, met with Aung San Suu Kyi on Sept. 20, with state television airing the footage of their meeting, although the junta has remained adamant in refusing to give seats to the legislators of the laureate's National League for Democracy, which won a landslide in the 1990 election.

Firms Expand Investments in Philippines

OW2811132594 Tokyo KYODO in English 0814 GMT 28 Nov 94

[FBIS Transcribed Text] Osaka, Nov. 28 KYODO—Japanese companies are expanding investments in the Philippines as the country is becoming stabilized following the inauguration of President Fidel Ramos in 1992, Japanese business sources said Monday [28 November].

The Philippines, which posted zero economic growth in 1991 and 1992, is expected to achieve an economic growth rate of about 6 percent this year, the sources said.

The Philippine Government is encouraging foreign investments, saying it offers lower tariff rates than rivals Thailand and Indonesia, the sources said.

Japanese business investments in the Philippines in the first half of this year totaled 55 million dollars, already exceeding the 1993 total, according to the Sakura Institute of Research, a unit of Sakura Bank.

The investments have focused on industrial development projects in Manila's suburbs.

Trading giant Mitsubishi Corp. has established the Laguna Techno Park south of Manila and has sold more than 90 percent of the 220-hectare space it has offered for sale, company officials said.

The company plans to start work on a new 60-hectare section of the park early next year.

Japanese electronics giant Hitachi Ltd. has established a company for production of small magnetic disks in the park, and Rohm Co., a specialized manufacturer of integrated circuits, has started production of large-scale integrations (LSIS) at an expanded plant there, the sources said.

Some subcontractors of Honda Motor Co. have also decided to build plants in the park, the sources said.

Nissho Iwai Corp., another trading house, is developing a 510-hectare industrial park at a site 40 minutes by car from Manila.

The company has sold all the space in a section of the park and most of the space in another section, mostly to Japanese companies such as automakers and semiconductor makers, they said.

Nissho Iwai plans to start development work on another section within six months, they said.

Murayama, Kubo Agree To Transform SDPJ

OW2811124994 Tokyo KYODO in English 1226 GMT
28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Prime Minister Tomiichi Murayama and Social Democratic Party Secretary General Wataru Kubo agreed on Monday [28 November] to seek to integrate all SDP legislators into a new party to replace the SDP without triggering a schism, SDP officials said.

The accord came in a tete-a-tete at the premier's official residence between Murayama, SDP chairman, and Kubo who have recently been reported to be at loggerheads over the latter's proposal to change the SDP into a new party, the officials said.

Murayama asked Kubo to make efforts to avert a possible split among SDP legislators as a result of the planned formation of the new party, they said.

Some SDP legislators have expressed reluctance to dissolve the SDP and transfer its members to the new party.

Murayama was quoted as telling Kubo, "It is crucial that the new party amounts to a transformation (of the SDP) into a totally new organization, rather than merely changing its label."

Their consultation came two days after a total of 47 SDP legislators from both chambers of the Diet adopted a resolution to push for the speedy establishment of the proposed new party.

Kubo later told a news conference that the SDP might call an extraordinary party convention next January if a great majority of SDP legislators come to recognize the need to replace the SDP with a new party.

Kubo has advocated forming a new party comprising "liberals and democrats" from both inside and outside the SDP. His proposal has drawn strong backing from an emerging intraparty group, the New Democratic League (NDL), headed by former SDP chairman Sadao Yamahana.

NDL members are now demanding the convening of an extraordinary national convention in January to give further momentum to the burgeoning movement to replace the SDP with a new party.

In the meeting with Murayama, Kubo promised "not to push for a national convention in a manner that would deepen (intraparty) confrontation and highlight the split," they said.

Kubo urged Murayama not to make any statement that might give the impression that he might tolerate a breakaway of some radical NDL members who are pushing for the quick formation of a new party.

Murayama caused a stir in the political community last week by saying, "If these radical NDL members are determined to bolt from the party, I would have to accept it."

Kubo later told reporters that he plans to announce his own final decision on the establishment of the new party after observing reactions from the local deputies who will come together for a national meeting slated for mid-December in Tokyo.

Yamahana Reiterates Hope To Form New Party

OW2611090494 Tokyo KYODO in English 0834 GMT
26 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 26 KYODO—Sadao Yamahana, former chairman of the Social Democratic Party (SDP), one of the three ruling coalition parties, reiterated his hope on Saturday [26 November] to form a new "democratic and liberal party" in January.

"The new party will emerge as part of the democratic and liberal forces before the convening of a regular Diet session in January," Yamahana, leader of the New Democratic League (NDL), a study group within the SDP, told a symposium. The next regular Diet session is expected to convene around Jan. 20.

The symposium was cosponsored by the NDL and New Party Sakigake [Harbinger], another coalition partner.

The NDL has called for a new "democratic and liberal party" to counter the Liberal Democratic Party, the largest bloc within the ruling coalition, and a new party to be set up in early December by merging major opposition parties.

NORTHEAST ASIA

SDP Secretary General Wataru Kubo, who has close links with the NDL, also reiterated the need for the establishment of a new party by disbanding the SDP at the symposium.

"The SDP has a history of a half century in the postwar era but now has a duty to form a new party gathering democratic and liberal forces to conclude its history," Kubo, No. 2 man in the SDP, said.

On Tuesday, Prime Minister Tomiichi Murayama, SDP chairman, warned Kubo not to hasten the formation of a new party and called for unity.

Murayama has agreed to disband the party and form a new party but said if an intraparty rift over the way in which a new party is to be formed intensifies, it would not result in achieving its ideal.

Yamahana has threatened that he and his supporters may quit the party even before the formation of a new party.

Major opposition parties will merge into a single party, called Shinshinto (the New Frontier Party), on Dec. 10.

Political realignment has been accelerated following the conclusion of political and electoral reform.

The winner-take-all nature of the new single-seat system for the House of Representatives is thought to favor larger parties.

Seeks Party by Next Diet Session

OW2811115694 Tokyo KYODO in English 0845 GMT
28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—The leader of a group of legislators within the ruling Social Democratic Party (SDP) renewed his call Monday [28 November] to launch a fresh political party of "democratic and liberal" forces before the beginning of the next ordinary Diet session around mid-January.

"I have repeatedly said we must hoist a new flag while the Diet is in recess," former SDP Chairman Sadao Yamahana said in a lecture meeting, suggesting his group—the New Democratic League (NDL)—will form a fresh party by the start of the next Diet sitting.

Saying the NDL's move is not intended to pulverize the three-way coalition government of Prime Minister Tomiichi Murayama, who heads the SDP, Yamahana also reiterated his group will decide on a specific timetable for their new party program by the end of the current extraordinary Diet session.

The present Diet session is scheduled to finish Dec. 3. But its term may be extended for a certain period to discuss some key bills, including those related to the creation of the World Trade Organization, the successor to the General Agreement on Tariffs and Trade, under the Uruguay Round trade accord.

"We wish to move forward, instead of stepping backward," Yamahana noted. "We have to stand up and take action now."

The NDL, a group of right-wing SDP legislators who advocate the early creation of a new democratic and liberal party, is threatening to break away from the SDP, a move that has deepened the schism with rival left-wing SDP lawmakers.

SDPJ's Kubo To Mend Fences With Okinawa Chapter

OW2711140394 Tokyo YOMIURI SHIMBUN in Japanese 26 Nov 94 Morning Edition p 3

[FBIS Translated Text] It was decided on 25 November that Wataru Kubo, secretary general of the ruling Social Democratic Party of Japan [SDPJ], will visit Okinawa for two days on 11 and 12 December in a bid to restore the relationship between the party headquarters in Tokyo and the Okinawa chapter which declared a "freezing of its relationship" with the party headquarters.

The Okinawa chapter reacted against the party headquarters' way of dealing with the controversial remarks by Defense Facilities Administration Agency Director General Noboru Hoshuyama. It refused to send its representatives last month to a national meeting of party officials in charge of election affairs. The Okinawa chapter recently decided to accept a visit by Kubo after expressing its understanding of the party headquarters' way of handling the controversial remarks.

LDP Adopts Guidelines for Lower House Elections

OW2411120894 Tokyo KYODO in English 1028 GMT
24 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 24 KYODO—The Liberal Democratic Party (LDP), a ruling coalition partner, on Thursday [24 November] adopted its new election policies and guidelines in accordance with the new electoral system for the House of Representatives, party officials said.

The LDP, the largest party of the tripartite coalition, decided at a meeting of its election headquarters that the party will, as a basic rule, put the priority on returning incumbent LDP lower house members in elections held under the new system.

A package of three political reform bills, including a bill to introduce a fresh electoral map for lower house elections, cleared the Diet on Monday.

The new system is a combination of 300 single-seat constituencies and 200 proportional representation seats, replacing the current multiple-seat system for lower house elections and reducing the number of seats from 511 to 500.

NORTHEAST ASIA

FBIS-EAS-94-229
29 November 1994

SDP Secretary General Wataru Kubo, who has close links with the NDL, also reiterated the need for the establishment of a new party by disbanding the SDP at the symposium.

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A package of three political reform bills, including a bill to introduce a fresh electoral map for lower house elections, cleared the Diet on Monday.

The new system is a combination of 300 single-seat constituencies and 200 proportional representation seats, replacing the current multiple-seat system for lower house elections and reducing the number of seats from 511 to 500.

The new electoral formula allows candidates from parties meeting certain conditions to run in both single-seat and proportional representation elections, and most candidates are likely to do so to increase their chance of being elected.

The LDP guidelines state that those who are obliged to run for only proportional representation seats will be placed high on the lists.

Such candidates could be those in prefectures where there are currently a plural number of incumbent lower house members from the LDP and their number is greater than the number of single-seat districts to be introduced in the prefectures.

The LDP election meeting also decided to oblige candidates running on the LDP ticket to sign a written pledge not to do anything which would infringe the party interests.

The draft pledge says candidates "will obey rules of the LDP and will not do any act which would be against the party, such as leaving the party after being elected."

It also said if a candidate violates the pledge, the person will quit the post of lower house member on conscientious grounds.

Tokyo Governor Said Not To Seek Reelection

OW2611034994 Tokyo KYODO in English 0238 GMT
26 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 26 KYODO—Tokyo Gov. Shunichi Suzuki is going to announce he will not seek a fifth term in office next spring in a policy speech on the opening day of the Metropolitan Assembly on Dec. 1, sources close the governor said Saturday [26 November].

Suzuki, 84, informed his close associates in the ruling Liberal Democratic Party of his intention not to seek reelection, the sources said. In September, Suzuki suggested Nobuo Ishihara, deputy chief cabinet secretary, as a possible candidate. Ishihara is viewed by many politicians as a leading candidate to succeed Suzuki.

Backed by the LDP, Komeito and the Democratic Socialist Party, Suzuki was first elected Tokyo governor in 1979. He turned around the capital city's poor financial state, which was gripped by a large deficit incurred during the late reformist Gov. Ryokichi Minobe's 12-year reign.

Number of Leftist Attacks Hitting Record Low

OW2811090094 Tokyo KYODO in English 0819 GMT
28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—The frequency of violent attacks on Japanese authorities by leftist guerrillas, such as arson and mortar attacks, is expected to hit an all-time annual low in 1994 with only

seven cases reported so far, officials of the Tokyo Metropolitan Police Department said Monday [28 November].

The current low was recorded in 1981, when leftist guerrillas carried out 11 attacks nationwide. During the 1960s there was an increase in the number of attacks as leftists tried to derail a government bid to renew the Japan-U.S. security treaty.

A department official said the incidence of leftist attacks plummeted this year "because police raided various crucial hideouts of various leftist factions and arrested their leaders."

However, the officials said they cannot drop their vigilance against such factions as chukakuha (the middle core faction) and kakurokyo (the revolutionary workers party), which have vowed to strike at the administration of Prime Minister Tomiichi Murayama.

The incidence of leftist guerrilla attacks peaked in 1990, when Crown Prince Akihito formally ascended the Chrysanthemum Throne to assume the title of emperor.

The most conspicuous guerrilla attacks this year were the simultaneous assaults in February with time incendiary devices on the homes of two senior Transport Ministry officials in charge of building additional runways at Narita Airport.

The incident was followed by the arrest of a senior kakurokyo activist in June and police seizure of a large cache of ammunition and explosives from a chukakuha depot in Gunma Prefecture in September.

Police tightened their clampdown with an October raid on a kakurokyo hideout in Tokyo and then with the arrest of a chukakuha leader in November. Both activists were freed later, however.

White Paper Specifies Plutonium Stocks

OW2511023494 Tokyo KYODO in English 0149 GMT
25 Nov 94

[FBIS Transcribed Text] TOKYO, Nov. 25 KYODO—The government specified the nation's plutonium stocks Friday [25 November] for the first time in a move government officials said was aimed at enhancing the transparency of the Japan's nuclear fuel reprocessing program.

The stocks were listed in a white paper on nuclear energy presented to the cabinet Friday morning by the director general of the Science and Technology Agency, Makiko Tanaka.

The paper said that as of Dec. 31, 1993 the nation had 10,881 kilograms of separated plutonium oxide stored at overseas and domestic nuclear facilities.

Separated plutonium, which results from the reprocessing of spent nuclear fuel, usually takes the form of plutonium oxide or plutonium in nitrate form.

Shinichiro Izumi, director of the Office of Atomic Energy Policy Research in the agency's Atomic Energy Bureau, said the data was supplied in an effort to enhance the transparency of Japan's nuclear power program.

The white paper documented 4,684 kg of separated plutonium in Japan and 6,197 kg of separated plutonium at reprocessing facilities in Britain and in France.

Of the plutonium currently held in Japan, 326 kg were located at reprocessing facilities at the Power Reactor and Nuclear Fuel Development Corporation's plant in Tokai, Ibaraki Prefecture.

Another 3,269 kg of separated plutonium were at the plutonium fuel fabrication facilities at Tokai.

The paper said a further 1,089 kg were at the prototype fast breeder reactor Monju, the experimental fast reactor Joyo, and the advanced thermal reactor Fugen.

"Japan is making every effort to specially indicate at home and abroad its plans for and the present situation regarding use of plutonium in order to enhance the transparency of its plutonium utilization plans on the basis of the principle of not having plutonium beyond the amount required to implement the program," the paper said.

The paper stressed the importance of the role of nuclear energy, saying if nuclear power is not realized along with measures for curbing discharge of carbon dioxide, by the middle of the 21st century, consumption of petroleum, natural gas and uranium will have surpassed reserves and carbon dioxide discharge will have doubled compared with 1990.

The white paper predicts that domestic demand for plutonium will exceed supply until a reprocessing plant is commissioned at Rokkasho in Aomori Prefecture, after which the plant's full-scale operations will restore a balance in second half of next century.

With regard to suspicion overseas that Japan may develop nuclear weapons in the future against the backdrop of North Korea's suspected nuclear arms development program, the paper referred to Japan's New Long-Term Program for nuclear energy.

Unveiled in June, the revised program declared Japan's determination that it will never possess nuclear weapons, the paper said.

Japan has nothing to gain and everything to lose should it decide to develop nuclear weapons, it said.

'White Paper' Urges Doubling Scientific Investment

OW2911021394 Tokyo KYODO in English 0202 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—Japan should double governmental investment in scientific research and development to compete with other nations, the Science and Technology Agency said Tuesday [29 November].

The agency made the call in an annual report that was submitted by its director general, Makiko Tanaka, to a meeting of the cabinet led by Prime Minister Tomiichi Murayama.

Titled "Now in the World," the White Paper for 1994 focuses on what form Japan's research policy should take to meet the challenge as other nations emphasize scientific technology to promote economic growth and create employment.

The agency noted that governments of other industrialized nations have cut budgets for defense technology research and instead have set up advisory committees and scientific panels to help produce new industries.

Japanese enterprises have been increasingly concerned with frictions with other industrialized nations as well as fierce competition from Asian nations over scientific technology, the paper said.

The results of the agency's surveys of private companies show Japanese firms rate their American counterparts higher in the precision machinery and auto industries, in which Japan used to have an edge.

Also, 30 percent of those surveyed predicted prominent rival nations will arise from Asia in the coming three to five years, the paper said.

Japan, therefore, should double its governmental budget for scientific research and development to help strengthen basic studies, develop original technology and promote international cooperation, the agency said.

Reflecting the domestic economic downturn, the private sector's spending on research and development recorded a year-to-year fall of 1.9 percent in fiscal 1992 for the first decline since the agency began the survey in 1959, the paper said.

Furthermore, it said, the figure fell 4.2 percent in fiscal 1993 ended March 31, 1994.

Government Deregulation Committee Holds 1st Meeting

OW2811153894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Nov 94 Evening Edition p 3

[FBIS Translated Text] The deregulation committee under the government's administrative reform promotion headquarters (led by Prime Minister Tomiichi Murayama) held its first meeting at the Prime Minister's official residence on the morning of 25 November to exchange opinions with experts from the private sector.

As a result, the committee decided: 1) the Management and Coordination Agency will examine requests from various circles and organs such as the Japan Federation of Economic Organizations and the Japan Private Sector Trade Union Confederation; 2) the prime minister, together with experts from the private sector, will meet representatives from these circles to directly discuss their

requests at the administrative reform headquarters; 3) members of the deregulation committee will be divided into two groups to conduct exhaustive studies on each subject; and 4) a deregulation report will be submitted to the headquarters hopefully sometime in February 1995. However, the committee agreed more deliberation is needed to identify specific areas to be reformed.

At the beginning of the committee meeting, Deputy Chief Cabinet Secretary Hiroyuki Sonoda indicated a determination to promote deregulation, which is a major element in the government's administrative reform plan. He said: "Since the government intends to form 'the five-year deregulation plan' within fiscal year 1994, we would like to have opinions on deregulation from various sectors at this committee so that the headquarters can use them as important reference."

Over 2,500 Requests Received

OW2811153394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Nov 94 Morning Edition p 3

[FBIS Translated Text] The government has received a total of more than 2,500 deregulation requests from 150 groups, including domestic and foreign economic, labor, and consumer organizations. This is approximately 2.3 times the 1,100 deregulation measures announced by the government during the period from the proclamation of the emergency economic policies package in September 1993 to the deregulation package in July 1994, and represents 21.9 percent of the total number of government regulations (as of the end of March 1993).

These requests cover 11 areas, including housing and land; standards, certification, and imports; financial services; information and communications; and transportation. The government will give a report on requests presented by 102 groups totalling 1,158 items, which it has finished collating and analyzing, at the meeting of the cabinet level Administrative Reform Promotion Headquarters (chaired by Prime Minister Tomiichi Murayama) on 30 November.

Deregulation petitioners include the United States, the European Union (EU), Keidanren [Federation of Economic Organizations of Japan], Nikkeiren [Japan Federation of Employers' Associations], Keizai Doyukai [Japan Association of Corporate Executives], the Japan Chamber of Commerce and Industry, the Japan Iron and Steel Federation, the Petroleum Association of Japan, the Japan Automobile Manufacturers Association, the Japan Spinners' Association, the Japan Department Stores Association, the Socio-Economic Productivity Headquarters, and the Consumer Science Federation. They presented their demands to the Management and Coordination Agency [MCA], the Ministry of International Trade and Industry, and the Ministry of Transport.

At first, the government had set the deadline for accepting petitions as the end of October. However, in

view of the continuous influx of petitions, it has decided not to have any deadline, and to continue to accept more requests.

Among the 1,158 items to be taken up on 30 November, requests concerning housing and land, totalling 189, top the list. This is followed by those concerning standards, certification and imports (171 items), dangerous substances and security (167 items), and transportation (128 items). There are also 87 items on financial services and 24 on employment. Complete information on all 2,500 requests is still unavailable because they have not all been classified according to the ministries and agencies concerned, or according to the relevant laws and ordinances.

The total number of requests includes issues which have already been dealt with by the deregulation package, or those arising from misunderstanding, as well as those overlapping with deregulation measures already announced. Apparently, the method of counting differs in some cases with that used in the government's deregulation package. However, around half of the 2,500 items call for new deregulation measures or further expansion of existing deregulation measures. Together with the deregulation measures already announced, this means that the government will have to consider a total of around 2,000 items.

The concerned ministries and agencies will decide whether to include the petitioned deregulation measures in the Deregulation Promotion Program (FY 95 to 99) to be compiled by the government in March 1995 based on deliberations at the Administrative Reform Headquarters, and orders to be issued by it.

The Third Administrative Reform Council has recommended that government regulations be virtually reduced by half. In view of this, the MCA asked government ministries and agencies in May 1993 to reduce government licenses and permits by more than 10 percent to less than 10,000.

Economists, Professors Debate Deregulation

OW2311160694 Tokyo YOMIURI SHIMBUN in Japanese 18 Nov 94 Morning Edition p 7

[FBIS Translated Text] The government is forging ahead with the work of drawing up within this year a "five-year plan for the promotion of deregulation" (1995-1999), which aims to restructure the Japanese economy. While listening to opinions from concerned organizations, the government received from the Keidanren [the Federation of Economic Organizations of Japan] on 17 November a list of proposals for deregulation in 456 areas. Economists and professors are now holding heated debates on whether the relaxation of regulations is right or wrong. While some economists and professors who are cautious about or against relaxing the regulations are pointing out that deregulation could increase the number of unemployed persons in the short term, a majority of

them are insisting that deregulation will bolster Japan's international competitiveness in the long term and generate a driving force to transform Japan into a consumer-led society.

Opinion leaders who support deregulation are stressing in unison that Japan has become the world's top creditor nation and Japan's status in the international community has changed in the nearly half century since the end of World War II. Shio Nakajo, a professor at the Keio University and a member of the "Rakushi Rakuza Research Institute"—which was inaugurated by the Economic Planning Agency this June and assigned the task of studying the effects of deregulation on the national economy—emphatically says: "Japan is under pressure from within and without to restructure its economy."

The "Group 2001," an organization cautious of and averse to relaxing the regulations has, in two monthly magazine articles, opposed relaxing the regulations.

Noting that the 1978 liberalization of airfares and routes in the United States under the Freedom of Aviation Act has created a situation wherein many airlines have gone bankrupt and aviation workers have lost their jobs, the group is stressing that the need for deregulation has not necessarily become a truism. The group is also pointing out that deregulation will have an adverse impact on safety and the environment.

Keio Iida, a professor at the International Culture Research Center in Japan, raises questions about the government's plans to relax the regulations, arguing: "I do not think that Japan has more regulations in effect than other nations have. It is necessary to pay attention to the fact that deregulation could increase the number of jobless and underprivileged persons in our society."

Economic commentator Katsuto Uchibashi says: "Some of the regulations have played a role of ensuring fair competition between large and small-scale enterprises. The advisability of relaxing those regulations is questionable." In this way, he warns against the easygoing trend toward relaxing the regulations.

Refuting the assertion by the "Group 2001," Iwao Nakaya, a professor at Hitotsubobashi University, says: "The liberalization of airfares and routes in the United States has brought down prices and benefited air travelers in the medium term. Liberalization has also created many jobs." Professor Nakajo also refuted the group's assertion in saying that "the issue of employment and underprivileged persons has always existed. That issue should be considered separate from deregulation, and certain steps, including those dealing with social welfare, should be taken to resolve the issue."

At present, the views of the proponents of deregulation prevail, and only a small number of scholars who are against the deregulations insist that "in general, the relaxation of regulations is wrong." Economists and

professors are divided in their opinions over the pace of deregulation and specific areas to be deregulated.

Agencies Expected To Resist Reform Plans

OW2511075494 Tokyo MAINICHI SHIMBUN in Japanese 24 Nov 94 Morning Edition p 1

[FBIS Translated Text] A MAINICHI SHIMBUN survey on 23 November looked into plans by government agencies to reform government-affiliated special corporations, which are now under study as a centerpiece of administrative reform. Ministries and agencies are supposed to submit reports to the Management and Coordination Agency [MCA] by 25 November on possible reform measures for all 92 special corporations.

However, the survey disclosed that none of the agencies is considering such definite plans as merger or abolition of their subsidiary corporations, and their reports are likely to focus only on the merits of the existing corporations. The government intends to devise a special corporation reform program based on the reports from ministries and agencies; however, their negative responses indicate the limitations of the government plan.

Our survey was conducted in interviews with 18 ministries and agencies, excluding the Defense Agency, the Justice Ministry and some others which have no subsidiary corporations. As the result, we concluded that none of them have definite plans for special corporation reform, although they said they thoroughly discussed the issue at their internal study groups. In the 25 November reports, the Ministry of Agriculture, Forestry, and Fisheries will "explain the significance of each subsidiary corporation," and the Okinawa Development Agency will "describe the shortcomings of corporation merger and abolition." Overall, most of them are expected to express anti-reform opinions in their reports.

In sections discussing the significance of individual special corporations, government agencies will certainly demand current levels of support for their semi-governmental corporations. The Finance Ministry said: "The Import-Export Bank of Japan, the Japan Development Bank, and the People's Finance Corporation are champions of public financial institutes. If these are deemed unnecessary, no others can survive."

The Science and Technology Agency said: "Neither the government nor the private sector alone can carry out space development. As long as Japan continues space development projects, the National Space Development Agency [NASDA] should be left as it is."

Even the MCA, which is responsible for the promotion of administrative reform, opposed abolition of its affiliated Northern Territories Issue Association, saying: "Since the territorial issue is a diplomatic concern, it is questionable that its abolition will be discussed in connection with domestic policy demands."

The National Land Development Agency noted its plans to review management of its subsidiary corporations without abolition or privatization, saying: "We will try to reform and rationalize management, probably through a reduction in manpower and expenditure."

Rationalization of special corporations is also being studied by the ruling coalition's project team on administrative reform (chaired by Akio Nakajima), but even the project team takes a negative attitude toward rationalization of special corporations, focusing instead on the bad aspects of the reform proposal. In such circumstances, the 25 November reports by government agencies are unlikely to support special corporation reform.

Hereafter, administration reform will become the top priority task for the Murayama administration. Prime Minister Tomiichi Murayama pledged a review of government-affiliated corporations in his policy speech to justify a future increase in consumption tax. In addition to reports to the MCA, the government is urging each ministry and agency to submit definite plans to reform or abolish special corporations before 20 February next year. However, it is not certain that the government can reach considerable achievements in this field despite strong resistance from bureaucrats.

Hashimoto Dismisses Criticism of Corporate Reform

OW2511033094 Tokyo KYODO in English 0254 GMT
25 Nov 94

[FBIS Transcribed Text] TOKYO, Nov. 25 KYODO—International Trade and Industry Minister Ryutaro Hashimoto on Friday [25 November] dismissed recent criticism in the media that reform plans for government-financed special corporations are lacking specifics.

"We were not asked from the beginning to spell out specific names of corporations subject to privatization or liquidation in interim reports," Hashimoto told a news conference after a cabinet meeting in the morning.

The Management and Coordination Agency has received interim reports from each government ministry and agency on an administrative reform plan.

A number of media organizations, meanwhile, gave low scores to the reports, saying each of the ministries shied away from proposing drastic reforms on special corporations, such as their scrapping or privatization.

Hashimoto said, "We are just in the process of formulating reform plans. By the fiscal 1994 end of March next year, we will come up with specific plans."

At present there are 92 entities classified as government-financed special organs, including 13 under the jurisdiction of the Trade Ministry.

The coalition government of Prime Minister Tomiichi Murayama has vowed the review of these organs as the chief goal of his cabinet administrative reform plan.

Hashimoto appeared to take a somewhat conservative stance on drastic measures like liquidation.

"There are no government organs that are totally useless. Scrapping alone does not appear to be the best way this problem should be solved," he said.

"We should evaluate possible merits and demerits from liquidation," he added.

JAL Reports Losses From Dollar Contracts

OW2811015394 Tokyo KYODO in English 2349 GMT
27 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Japan Airlines Co. (JAL) suffered massive losses from long-term forward dollar contracts made in 1985-1986, due to the steep rise in the yen against the dollar since then, a company spokesman said Monday [28 November].

The exchange losses are estimated at about 176.3 billion yen, he said.

Moreover, JAL is expected to see some 43.9 billion yen in losses from forward dollar contracts in fiscal 1995-1996 based on exchange rates as of the end of September, he said.

JAL needs more than 1 billion dollars a year to cover fuel and aircraft procurement costs, among others. In September 1984, JAL decided to make up-to-five-year forward dollar contracts. As the contracts were not concluded, however, the airline chose to make 10-year forward dollar contracts instead.

The auditor who represented the company at the time warned of the risks involved in such contracts, he said. But the airline approved the 10-year forward contracts, arguing that most people believed the dollar would continue to rise against the yen.

Nippondenso To Start Production in PRC, Mexico

OW2811120794 Tokyo KYODO in English 0941 GMT
28 Nov 94

[FBIS Transcribed Text] Nagoya, Nov. 28 KYODO—Japanese automobile parts maker Nippondenso Co. said Monday [28 November] it will establish new production bases in China and Mexico.

The company, affiliated with Japan's top automaker Toyota Motor Corp., said the Chinese project calls for the production of car air conditioners in partnership with a local firm.

An equally-owned firm, Yantai Shougang Nippondenso Co. capitalized at 2 billion yen, will be established at the Yantai Economic and Technological Development Zone in Yantai, Shandong Province, to start operations next January.

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The production volume will reach 160,000 units per year at the end of 1996, the company said.

A formal contract on the project was signed recently with the Chinese partner, Shougang Corp., core company of the Shougang Group, the company said.

The company said its Mexican subsidiary will build a new production facility in Apodaca near Monterrey, northern Mexico, to produce measuring instruments for automobiles.

The subsidiary, Nippondenso Mexico S.A., was inaugurated in September of this year.

The company said the new plant will supply products to Chrysler Corp., one of the "Big Three" U.S. automakers, for use at its factories in the United States and Mexico.

The plant will manufacture 450,000 units annually when its operations go into full swing in 1998, the company said.

Panel To Tackle 52 Issues for Market Opening

OW2811140794 Tokyo KYODO in English 1339 GMT
28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—A government panel studying ways to open the Japanese market wider to imports confirmed Monday [28 November] to tackle 52 pending issues, including 16 priority areas, panel officials said.

They said the group, named the Office of Trade and Investment Ombudsman (OTO), will work out a recommendation on market opening measures by next March to be reflected in a five-year deregulation program the government will formulate within the current fiscal year.

Among the priority issues to be tackled by OTO will be regulations on premiums for sales promotions and deregulation to allow foreign-bred horses to compete in Japan as well as quarantine and inspection procedures for imports of flowers and mineral water.

The office was established in the Economic Planning Agency in 1982 to deal with complaints about barriers preventing foreign access to the Japanese market.

Regarding regulations on premiums, the Fair Trade Commission has set up a group to study the matter with a view toward making a ruling by next March.

Need To Boost Agriculture Stressed at Hearing

OW2811135494 Tokyo KYODO in English 1331 GMT
28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Seven citizens appearing at a Diet hearing on Monday [28 November] expressed their views on Japan's rice imports under a world trade agreement and new Food Control Law.

In the afternoon session, Michiko Aoyama, an executive of the Better Living Information Center, appreciated liberalization of rice production and distribution under the new law but urged the government to set up an easy to understand rice pricing system.

Mitsuhige Miyamura, head of the Tokyo Livelihood Cooperative Association, stressed the need for Japan to prevent declining self-sufficiency in food supplies.

He also claimed consumers are growing concerned about the safety of imported foods.

Others called for government measures to maintain balanced distribution of food and to boost domestic agriculture during the six-year moratorium before the total liberalization of rice imports under the Uruguay Round trade agreement concluded last year.

In the morning session, three speakers expressed their views on the agreement, which includes the establishment of the World Trade Organization (WTO) to replace the Geneva-based General Agreement on Tariffs and Trade (GATT).

Hakaru Toyoda, chairman of the Central Union of Agricultural Cooperatives, expressed hope that the existing agricultural budget will not be affected by the 6 trillion yen government package designed to deal with the effects of Japan's participation in the WTO.

Fumio Egaitsu, a Tokyo University professor, said the new Food Control Law should include measures to deal with possible rice price declines that may be caused by future bumper harvests.

MITI To Build Computer-Aided Production System

OW2911080394 Tokyo KYODO in English 0753 GMT
29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—The Ministry of International Trade and Industry (MITI) will soon embark on building a new computer-aided integrated manufacturing system, MITI officials said Tuesday [29 November].

The Japanese version of the United States' computer-aided logistic support (CALS) system envisages drawing up a manufacturing blueprint using digitalized visual information via computer networks, the officials said.

The new system, part of a program mapped out by MITI in October to make Japan an information-oriented society, will be the first full-scale industrial application of multimedia technology.

MITI will begin building the system next May for completion in three to five years, using power plants at Tokyo Electric Power Co. as a model case.

The database built under the CALS system could be shared by different computers, making manufacturing

cooperation beyond group firms possible, officials said, adding that production costs are expected to be slashed by up to 60 percent.

The system would also halve the designing process and reduce data transmission errors to only 2 percent, the officials said.

MITI will take charge of development and shoulder its costs, while a consortium of heavy electric companies and household electric appliance makers as well as Tokyo Electric will utilize the system, the officials said.

It could be also applied to wider industrial areas such as autos, steels and aircraft, the officials said.

CALS was developed by the U.S. Defense Department and was used in designing the Patriot missile.

European countries and Australia are moving to introduce the concept. Japan is said to lag behind these countries in the technology.

MITI Reports Price Gaps With Goods in U.S.

OW2911084694 Tokyo KYODO in English 0834 GMT
29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—Prices of manufactured goods monitored in Japan during the April-September period were 1.14 times higher than in the United States but the gap was 1.63 times for industrial service prices, the Ministry of International Trade and Industry (MITI) said in a report Tuesday [29 November]. The price gap with the U.S. for manufactured goods was almost unchanged from 1.13 times seen a year ago, the report said.

The survey compared Japan's product and service prices with those in the U.S., Germany, South Korea, China, Singapore and Hong Kong.

It covered the prices of 17 industrial services as well as 91 manufactured goods for industrial use, such as raw materials, intermediate goods and capital goods.

Prices of industrial goods in Japan were 1.03 times higher than in Germany and 1.41 times higher than in South Korea, and the gaps in service prices were 1.72 and 5.67 times respectively, the report said.

The relatively large price gaps with foreign countries in industrial services were attributed to low labor productivity of Japan's services industry, a MITI official said.

Japan's services sectors have not been much exposed to severe international competition, the official also said.

The survey, the second of its kind, was conducted on the basis of an exchange rate of 101.19 yen to the dollar, the average during the April-September period.

Prime Minister Tomiichi Murayama recently asked MITI to conduct a wider price survey covering not only prices of consumer goods but those of intermediate and other industrial products.

Last year's survey, which covered comparison with the U.S. and Hong Kong, did not take up prices for industrial services.

The latest survey revealed that price gaps between Japan and other countries exist in numerous industrial areas, the MITI official said.

These price gaps are forcing many Japanese manufacturers to shift their production bases abroad while many companies are turning to foreign countries to get services, the official said.

As major reasons behind the gaps, the official cited macroeconomic factors like the strong yen and high labor costs, and microeconomic factors such as rigid government regulations and exclusive business practices in Japan.

Many trade barriers are also serving to leave the prices of Japan's industrial goods and services at high levels, the official said.

In order for price gaps to be corrected, Japan's macroeconomic structure should be reformed via social infrastructure improvement while deregulatory drives should be accelerated in a five-year package to be released at the end of next March, the official said.

The private sector should review its business practices which are regarded as responsible for high production costs, the official said.

In comparison with the U.S., prices were found to be 2.52 times higher in Japan for coal and petroleum, 1.96 times for transportation, 1.71 times for electricity, 1.68 times for telecommunications and 1.59 times for real estate, the MITI report said.

On the other hand, prices in Japan were 0.62 times those of the U.S. for precision instruments, 0.83 times for chemicals and 0.85 times for steel, it said.

Strong Yen Helps Cut Prices of Import Items

OW2511092394 Tokyo KYODO in English 0820 GMT
25 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 25 KYODO—Prices of 14 of 20 import items surveyed fell in October on a customs clearance basis from year-earlier levels, and 12 of the 14 saw retail prices drop in Tokyo in November, a government survey released Friday [25 November] said.

The 12 items were beef, bananas, oranges, tea, chocolate, beer, wine, whiskey, shirts, passenger cars (with engine displacement of less than 2000 cc), golf balls and tennis rackets, the survey by the Economic Planning Agency showed.

The two items whose customs-cleared prices fell in October but did not fall in November at retail levels in Tokyo were bras, with retail prices unchanged, and lemons, which rose. The six items which showed price

increases on a customs clearance basis were grapefruit, electric shavers, golf clubs, cigarettes, shrimp and spaghetti. Of those items, retail prices of grapefruit, electric shavers and golf clubs were down.

Mandatory Disclosure Rules Planned for Derivatives

OW2811084194 Tokyo KYODO in English 0808 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—The Finance Ministry plans to require banks, brokerages and other financial institutions to disclose information about their holdings in derivatives, ministry officials said Monday [28 November].

They said they hope to write the disclosure rule by the middle of next year on the basis of a report to be presented next spring by the Financial System Research Committee, an advisory body to the finance minister.

The disclosure rule is expected to center on the type of contracts and the value of them, with the scope of disclosure linked to the size of each organization, they said.

The official said the disclosure rule is expected to take effect as early as the fiscal first half ending Sept. 30, 1995.

Derivatives, first developed in the United States and Europe in the early 1980s, are contracts based on, or derived from, the value of an underlying security such as a stock or bond.

They are designed to limit a corporation's risk from losses due to sharp swings in financial markets but also can be used to speculate on market swings.

Derivatives have been gaining attention in Japan since the late 1980s, but there is no disclosure rule at present, making the scale of the booming market opaque.

In one development regarding derivatives, second-tier brokerage house Tokyo Securities Co. reported earlier this month it had lost some 32 billion yen from contracts on currency options, alarming financial regulators.

Organization To Transmit Information via Internet

OW2811145494 Tokyo SANKEI SHIMBUN in Japanese 24 Nov 94 Morning Edition p 19

[Unattributed article from "Media" column: "World's First 'Professional' Station; Information Sent Out by Internet"]

[FBIS Translated Text] "Shima Media Network [SMN]," the "world's first" information transmitting station using the worldwide computer communications network "Internet," started operating in October. The organization is headed by Keiji Shima, former chairman of the NHK Corporation.

The SMN translates bylined articles of Japanese journalists, scholars, and politicians, and carries them on its network free of charge once a week. The station says universities and research institutes from 24 countries have sought access to the network, with the total access to its information having run to about 10,000 so far. Shima said: "We would like to send out to the world information on Japan which cannot be seen in newspapers or on television."

The SMN was established in April this year for the purpose of "transmitting to the world analytical information on the trends of politics, the economy and industries of Japan, and the moves of Asia and the whole world as seen from Japan," and its "Internet-using station" became operational on 3 October. Mitsubishi Corporation, Nissho-Iwai Corporation, NEC Corporation and other corporations have helped to fund it. The station will conduct test runs until the end of this year, and will go into formal operation in January 1995. Information should be made available in Japanese as well.

Transmission of information is done every Monday morning U.S. Eastern time, and consists of:

- 1) "Opinions"—views and proposals presented to the international community;
- 2) "Japan-U.S. Forum"—opinions exclusively on the Japan-U.S. issues;
- 3) "Key Words"—interpretation of terminologies to help understand Japan;
- 4) "This Week"—forecast for the next week; and
- 5) "Newsreports."

So far, for instance, under themes of "Do You Understand Copyrights?" and "Open Questionnaires from Machiko Satonaka," cartoonist Machiko Satonaka has discussed the problem of similarities existing in Walt Disney Production's "Lion King" and Naomu Tezuka's "The Great King of Jungles" for two weeks in a row. Tadahiro Sekimoto, vice chairman of the Federation of Economic Organizations of Japan [Keidanren] and chairman of NEC Corporation, discussing "Japan-U.S. trade talks," has pointed out "three mistakes committed by the United States." In "the Key Word" program, such expressions as "Bloomer-Sailor-Shop" has been introduced, with Yoshiro Mizuguchi, editor of FUJIN KORON, speaking about it.

SMN head Shima said: "While I was chairman of the NHK, I tried to form a network (like Cable News Network) which would broadcast news reports eight hours a day to the United States and Europe. That idea was later dropped. But if it is a 'multimedia transmitting station' using the world-wide computer network, it should not require very big investments in human resources or plant facilities. All we have to do is to have an organization of the people who can transmit information."

Participating in the organization as supervisors are Takeshi Takano, writer Yoshimi Shikawa, and Takao

Iwami, special editorial advisor to MAINICHI SHIMBUN. A group of about 100 people are taking part in it as commentators, and they include lower house members Shinichiro Kurita and Manri Kaijeda, scholars Yoichi Masusoe and Nobuyuki Fukuoka, journalist Nobuhiko Tsuta, former NHK announcer Shizuo Yamakawa, producer Yaoya Yooshida, writer Eiji Oshita, planner Ryujin Nishikawa, mathematician Tsuyoshi Mori, composer Nariaki Saegusa, and columnist Soichiro Tahara.

Supervisor Takanao said: "This is the first time in the world that the Internet is used by a station to transmit journalistic information, not entertainment or hobby programs. On the other side of the computer terminal is the big wide world. Besides, this is interactive (preceding word in English). That means a lot." He said the organization is being run with support funds provided by corporations and other organizations, and added: "Currently it is free of charge. But sooner or later, it will probably become necessary to levy some fees." Another supervisor, Ishikawa, speaking from the position of a writer, said: "We will come to be asked if we have the capabilities to work across the world; with the start of the station, communications with the world's news media organizations have started." Tahawa, meanwhile, said: "I have some doubts about a multimedia organization which cannot picture a specific market for its products; but then this Internet-using station is the first attempt to create a magazine in an electronic form—in other words, to create an on-line magazine."

Use of Internet by Corporations, Public Viewed
OW2611014594 Tokyo KYODO in English 0120 GMT
26 Nov 94

[By William Mallard]

[FBIS Transcribed Text] Tokyo, Nov. 26 KYODO—Japan is stepping tentatively onto the Internet "super-highway." Long limited to academe, think tanks and major corporations within Japan, Internet is weaving its way among the public, experts say, although numbers are hard to come by.

Among those getting into the act are software makers offering connection services to newly curious individuals, electronics giant NEC Corp. launching support services, even security firm Secom Co. leading a group that plans to offer Internet connections and consulting. Nifty-Serve, a major commercial computer information network, has said it plans to offer general connection services by year's end.

Spawned by a Pentagon doomsday scheme to keep U.S. military computers operating in the event of a nuclear war, the Internet is now a globe-encircling network of smaller, local computer networks linking a reported 3 million computers in 150 countries—all without a central controlling structure or authority.

Getting a handle on the current use of the amorphous Internet in Japan is hard enough, and expectations for the future are even fuzzier. Visionaries see "multimedia cities" while others just hope computer-shy Japanese can get used to electronic mail.

Such basic questions as whether use will remain largely free to all who connect to the system and pay for telephone time, whether users will pay for burgeoning commercial services or whether providers will pick up the tab as a marketing expense—have yet to be answered.

"Things are happening so fast that no one really knows how it's going to sort itself out," said Richard Dasher, who keeps an eye on Japan's technological development from Stanford University in the United States.

Jun Murai, a Keio University associate professor and Japan Internet trailblazer, said more than 84,000 computers in Japan are connected to the Internet, and assuming a rule-of-thumb 10 people using a machine, as many as 840,000 people may be tapping away.

The number of Japanese networks connected to the Internet has grown steadily from about 300 in April last year, clearing 1,000 in February and is now over 1,600, Murai said. He estimated a further 2 million people use E-mail, an Internet offering, through software installed in many word Japanese processors. Others reckon use in Japan is much less.

"I would be astounded if there are 800,000 people in Japan using the Internet," said John Stern, vice president of the American Electronics Association. "I would be surprised if it's 30,000."

Whatever the numbers, watchers agree that interest is rising, and some have high hopes. Murai, for example, says several local governments are working on plans to connect offices and condominiums to the Internet and link them with local travel, shopping, entertainment and other services. Others are counting on a more far-reaching flow of information.

Stanford's Dasher said by phone from his California office that the U.S.-Japan Technology Management Center he heads is trying to provide a window on Japanese technological information to U.S. researchers through a "site" on an Internet network called the World Wide Web, with plans to establish another site soon.

But there are barriers to Japan's participation in Internet, such as its domination by English-language information, a comparative thin communications infrastructure in Japan, and the nation's late start in widespread computer use, watchers say. "Most Japanese don't have a computer either at home or at the office, so it's a problem," Stern said.

Japan ranks 18th in the world in the relative spread of computers, between Austria and Israel, at 84 per 1,000 people, according to the 1993 Annual Computer

Industry Almanac. That is about half the computer penetration of No. 2 Australia or No. 3 Canada and less than a third that of the U.S., the world leader with 265 computers per 1,000 people. Another unfinished chapter in the emerging Internet story is government regulation.

Bureaucracies that want a piece of the action "are tempted to control" the system, Stern said, but they are aware that "the attractiveness of the Internet is its freedom from central control—to over control it is to kill it." "If the government leaves the development of the Internet to the private sector, Japan will rapidly close the gap," he said.

Keio's Murai expressed confidence that such regulators as the Ministry of Posts and Telecommunications see the need for deregulation and are trying to smooth the way to wide use of the Internet. But he said it is slow going to ease restrictions such as licenses for and use of international communication lines.

Of concern in the future is the capacity of Japan's communications infrastructure—just one-30th that of the U.S., said Yasuyoshi Yanagisawa, planner in the Internet marketing division of software firm Rapid Systems Inc.

More than 2,200 people have signed on since the company began offering relatively cheap connection services to the Internet for individuals last month, but the software house says it will stop offering new connections once 10,000 people connect.

Rapid Systems just breaks even on the service, using it to lure customers toward its mainstay software and consulting businesses, says the firm's president, Takashi Kobayashi.

It also has another reason for offering Internet connections—so that Kobayashi and the other 24 employees can learn about E-mail. "Japanese cannot understand the Internet, even how to use E-mail," Kobayashi said, including himself among those who don't have a sense of how Internet could improve their businesses or lives. "This is the first step in using the Internet."

Mongolia

President Stresses Democratic Renewal in Speech

LD2611223894 Moscow ITAR-TASS World Service in Russian 1020 GMT 26 Nov 94

[By ITAR-TASS correspondent Kim Boldokhonov]

[FBIS Translated Text] Ulaanbaatar, 26 Nov—In an address to the people to mark the 70th anniversary of the declaration of people's Mongolia [as received] and the adoption of the first Constitution, Mongolian President Punsalmaagiyn Ochirbat urged all the country's political parties and movements to act in the interests of the entire nation and the creation of a democratic state.

The Mongolian leader stressed that the 20th century will be remembered in the history of the Mongolian people as a period of struggle for independence, national revival, and democracy. Speaking of the country's first Constitution, he observed that mistakes had been made in drawing it up, because its creators had been led by the ideology of class struggle and communist development. The Constitution also laid down the Mongolian version of dictatorship of the proletariat. At the same time, said P. Ochirbat, the 1924 Constitution contained the first signs of democratic revolution, which led to the emergence of the present-day democracy.

The broad democratic movement that began five years ago has embraced all the spheres of public life and constitutes the beginning of a new historical era in Mongolia, the Mongolian president said. Understanding and correctly assessing the past and setting the right bearings for the future are vitally important for Mongolia nowadays, he noted. A democratic Constitution has come into force, a parliamentary democracy is establishing itself, the foundations of a market economy are being laid. P. Ochirbat expressed gratitude to all countries and international organizations for supporting a democratic renewal in Mongolia.

North Korea

Liaison, Reactor Delegations Depart for U.S.

SK2911124594 Pyongyang Korean Central Broadcasting Network in Korean 1215 GMT 29 Nov 94

[FBIS Translated Text] A DPRK Foreign Ministry delegation, which will participate in a meeting of experts to be held in Washington pursuant to the DPRK-U.S. basic agreement in connection with the opening of mutual liaison offices, left Pyongyang by plane on 29 November.

Also, a DPRK delegation led by Kim Chong-u, vice chairman of the External Economic Committee, which will participate in negotiations between the DPRK and the United States on the supply of light-water reactors pursuant to the DPRK-U.S. basic agreement, left Pyongyang by plane on 29 November. Vice Foreign Minister Choe U-chin saw the delegation off at the airport.

Negotiations With IAEA 23-28 Nov Reported

SK2911044694 Pyongyang KCNA in English 0440 GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—Delegations of the General Department of Atomic Energy (GDAE) of the Democratic People's Republic of Korea and the International Atomic Energy Agency (IAEA) held a negotiation on technical matters pending between Korea and the IAEA in Pyongyang from November 23 to 28, 1994 according to the agreed framework reached between the DPRK and the United States.

The delegation of the IAEA toured Yongbyon and Taechon and confirmed that nuclear facilities have been frozen accurately at present and the construction suspended as stipulated in the agreed framework between the DPRK and the United States.

At the negotiation, the sides discussed technical matters related to the activities of the IAEA in Korea and reached an agreement on many issues.

The negotiation took place in a sincere and cooperative atmosphere.

It was agreed to continue the debate on some matters at the next negotiation.

Departure of Atomic Agency Delegation Reported

SK2911104494 Pyongyang KCNA in English 1040
GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—The negotiating delegation of the International Atomic Energy Agency left here today after discussing the practical matters to be resolved between the DPRK and the agency according to the agreed framework between the DPRK and USA.

South Denounced for Obstructing Agreed Framework

SK2911105494 Pyongyang KCNA in English 1037
GMT 29 Nov 94

["Treachery Hampering Implementation of Agreed Framework Between DPRK and USA"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—The South Korean puppets have left no stone unturned to block the implementation of the agreed framework between the DPRK and the United States in one month and more.

Commenting on this, MINJU CHOSON in a commentary today says: No sooner had the DPRK-USA framework agreement been published than the puppets prattled that their assertion has not been included in it and then, afraid of public opinion, reluctantly announced their "acceptance of the agreed framework". But this is a deceptive trick.

The news analyst goes on:

The puppets have rushed headlong toward the North-South confrontation contrary to their advertisement about their "acceptance of the agreed framework". The Eagle 94 war exercises against the North with a converted name of the Team Spirit were staged coupled with the shield. They are followed by the Hwarang. In a bid to hamper the implementation of the DPRK-USA agreed framework, the Kim Yong-sam group kicked out the rackets of confrontation and war within and begged for "cooperation system" without. Not content with this,

they are making no scruple of crying for "prior consultation" with them as regards the Pyongyang tour of U.S. businessmen.

The puppets vociferated about "dialogue" and "economic cooperation" but it was a scheme to mislead the public opinion to cover up their anti-national, anti-reunification, flunkeyist treacheries seeking division and confrontation.

Developments since the publication of the DPRK-USA agreed framework prove once again that the Kim Yong-sam group is a cancer doing harm to national reconciliation and unity and seeking confrontation, war and division.

Therefore, the traitor Kim Yong-sam must be ousted as soon as possible not only for national reconciliation and unity but also for a successful implementation of the DPRK-USA agreed framework.

Foreign Groups Support North-U.S. Agreement

SK2911104194 Pyongyang KCNA in English 1017
GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—Algerian and Finnish Party leaders and the Ghanaian Foreign Ministry urged an honest implementation of the agreed framework between the Democratic People's Republic of Korea and the United States of America for a solution to the nuclear issue in the Korean peninsula.

Abdel Hamid Mehri, general secretary of the Central Committee [C.C.] of the Algerian National Liberation Front, in a solidarity message to the Central Committee of the Workers' Party of Korea [WPK], said the adoption of the agreed framework between the DPRK and the USA is a success won by the WPK in removing big view rifts which had long existed and ensuring the security and stability of the Korean peninsula. "We hope that the agreed framework will usher in a new era in ensuring peace and security for the people in that region and will be a favorable factor in reunifying Korea," the message noted.

Yrjo Hakanen, chairman of the Central Committee of the Communist Party of Finland (Unity), in a solidarity message to the C.C., the WPK, said his party warmly hails the adoption of the agreed framework between the DPRK and the USA and calls for its quick implementation.

Meanwhile, the Foreign Ministry of Ghana, in a note sent to the DPRK Embassy in Accra on November 16, expressed the hope that the DPRK and the USA will honestly implement the agreed framework so that peace may be promoted in the Korean peninsula.

ROK Urged To Release Unconverted Prisoners

SK2911104094 Pyongyang KCNA in English 1013
GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—The Union of Communists of Poland (Proletariat) and the July 19 Sandinist Youth of Nicaragua

urged the South Korean authorities to send old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners in South Korea, back to the Democratic People's Republic of Korea.

The Union of Communists of Poland (Proletariat) statement released on November 19 said the South Korean authorities have refused to send the three old men, POWs, to where their families and relatives are waiting for them for an ideological reason. "This is a tragedy biggest ever in history," it noted.

It strongly demanded that the South Korean authorities immediately send them back to their hometowns as required by the international law and the humanitarian idea.

The July 19 Sandinist Youth of Nicaragua in its November [word indistinct] letter to the International Committee of the Red Cross, said Kim In-so, Ham Se-hwan and Kim Yong-tae are not under any protection in South Korea. It stressed that they should be sent back to the North as early as possible so that they may live happily with their families and relatives.

The letter hoped that the South Korean authorities stop the violation of human rights and repatriate them and the International Committee of the Red Cross would render cooperation to have their human rights respected and the humanitarian principle implemented.

'World Public' Urges Repatriation

*SK2911010394 Pyongyang KCNA in English 2152
GMT 28 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—Broad world public is urging the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners in South Korea.

The National Committee of the Nigerian Union of Teachers in a statement on November 15 urged that the South Korean authorities take all measures to immediately return old Kim In-so, Ham Se-hwan and Kim Yong-tae to the northern half of Korea where their families and relatives are waiting for them.

The fact that the South Korean authorities had kept them in prison for more than 30 years for their refusal of "ideological conversion" is contradictory to the international laws and humanitarianism, the statement stressed, warning:

If the South Korean authorities block the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, they will face curses and denunciation by history and posterity and it will be the most heinous crime against the conscience of humankind.

Daud Baz [name as received], former chairman of the Nationalist Socialist Party of Syria in Lebanon, said in a statement on November 19:

It is the most shameless human rights violation and barbarian act for the South Korean authorities to have subjected aged Kim In-so, Ham Se-hwan and Kim Yong-tae to the most severe mental and physical sufferings and keep them in South Korea where they have no flesh and blood even today when more than forty years have passed since the ceasefire.

The statement called upon the international community, human rights organisations and progressive political parties of the world to put pressure upon the South Korean authorities and lift louder voices denouncing this atrocity so that they can return to their hometowns.

'Korean Political Prisoners' in Japan Supported

*SK2911010194 Pyongyang KCNA in English 2147
GMT 28 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—A meeting for rescuing a Japan-resident Korean and South Korean political prisoners was recently held in Tokyo, according to a KNS report from Tokyo.

Shigeru Yoshimatsu, co-representative of the "National Council of Societies for Supporting Japan-Resident Korean Political Prisoners in South Korea", made a speech at the meeting, which was followed by a report on the present conditions of South Korean political prisoners by Kwon Yong-ki, director of the secretariat of the "International Centre of Human Rights Fund in South Korea" and other speeches.

The reporter said:

Kim Yong-sam is making sugar-coated utterances about "change and reforms" and "creation of a new South Korea", but he is still now arresting democratic, patriotic figures on the strength of the "National Security Law", far from releasing the prisoners of conscience.

Noting that the fabrication of political prisoners case is aiming to stifle the national democratic forces, he called for making every possible effort for the release of all the political prisoners.

Kim Yong-sam's Reunification Argument Rejected

*SK2911045594 Pyongyang KCNA in English 0446
GMT 29 Nov 94*

[“‘Unification Under Liberal Democratic System’ Rejected”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—NODONG SINMUN today rejects the argument for "unification under the liberal democratic system" recently made by the traitor Kim Yong-sam.

Branding it as an anti-reunification, anti-peace war theory which denies reunification and aims to plunge the entire fellow countrymen into the scourge of war, the news analyst says:

The argument for "unification under the liberal democratic system" is a revised version of the argument for "unification by prevailing over communism." It presupposes that the North should be conquered by war and the socialist system of the North be destroyed.

If the South Korean puppets attempt to force their system on the North, ignoring the confederation formula for the reunification of Korea, the nation will be plunged into the scourge of nuclear war.

The socalled "liberal democratic system" of South Korea is a colonial dependent system where the sovereignty of the nation is totally violated under the complete domination and subjugation of outside forces, and a military fascist dictatorial system which inflicts immeasurable sufferings and misfortunes on the people, far from ensuring them freedom and democracy.

"Unification under the liberal democratic system" loud-mouthed by the Kim Yong-sam group is a futile dream.

It is ridiculous of Kim Yong-sam to dream of conquering the North while finding himself busy with seeking a way out from isolation at home and abroad.

Like a new-born puppy knowing no fear of a tiger, the Kim Yong-sam group dares to provoke the North. But this only shows that the group is stupid and foolish.

Absurdly enough, the Kim Yong-sam group is nowadays calling for "cooperation" with the North. Lurking behind it lies a sinister intention to undermine the North from within and pave the way for "unification under the liberal democratic system" with "cooperation" as an expedient.

The Kim Yong-sam group had better discard the foolish dream of conquering the North.

Kim Yong-sam's Handling of 12 Dec Case Denounced

SK2911050594 Pyongyang KCNA in English 0431
GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang November 29 (KCNA)—A spokesman of the South Korean National Democratic Front [SKNDF] (Hanminjon) released a statement on November 25 condemning the traitor Kim Yong-sam for suspending the prosecution against those who were involved in the "December 12 incident," according to radio Voice of National Salvation from Seoul.

The "December 12 incident" in South Korea in 1979 was an "army purge coup" staged on the manuscript of the U.S. imperialist master, and a shameless usurpation of "power" which led the "Yusin" dictatorship to the military dictatorship of the "Fifth and Sixth Republics", the statement says, adding:

The crime committed by the Chon Tu-hwan-No Tae-u group was so heinous that even the traitor Kim Yong-sam had already branded the "December 12 incident" as

a "military coup-oriented case" and the prosecution could not but define it as a "case of military revolt" in the results of its investigation.

This notwithstanding, the group of the traitor Kim Yong-sam is trying to gloss over the anti-historic heinous crime, talking about "moral foundation for the existence of the Democratic Liberal Party" and "division of public opinion." This is, indeed, one more perfidy touching off the consternation and resentment of people.

To take action against the Chon Tu-hwan-No Tae-u group is the unanimous will and determination of the popular masses.

All the patriotic democratic organisations and people of all walks of life must bring the Chon Tu-hwan-No Tae-u group to the tribunal of history with a more powerful struggle and severely punish the group and decisively oust the Kim Yong-sam "regime" defending the criminals.

Daily on PRC Participation in Korean War

SK2911132294 Pyongyang NODONG SINMUN in
Korean 25 Oct 94 p 1

[Editorial: "DPRK-China Friendship Which Was Sealed in Blood Will Be Immortal"]

[FBIS Translated Text] Numerous emotional events and facts are recorded in the history of DPRK-China friendship. The Chinese People's Volunteers' [CPV] participation in the Korean front is one of them.

Today marks the 44th anniversary of the CPV's participation in the Korean front.

On this day, our people emotionally recall the heroic feats which the CPV officers and men displayed during the fatherland liberation war.

The CPV's participation in the Korean front on 25 October 1950 is a living example of proletarian internationalism. It is also a manifestation of solid ties of friendship and solidarity between the peoples of the DPRK and China, who are class brothers and revolutionary comrades-in-arms based on revolutionary moral obligation.

In his congratulatory message to Comrade Jiang Zemin, general secretary of the CPC Central Committee and PRC president, the dear leader Comrade Kim Chong-il has stated: "The peoples of the two countries have fought against their common enemy while shedding blood and supported and cooperated with each other in the struggle to build a new society and socialism."

"The traditional DPRK-China friendship which was sealed in blood and has overcome all trials of history is being continuously developed even in today's complicated situation."

The DPRK people and the Chinese people, as close neighbors, have waged struggles against their common

enemy. The peoples of the two countries have shared the same life and destiny and joy and sorrow and shed blood together.

During the Korean war, which was a period of arduous and stern trials to our people, the fraternal Chinese people sent their excellent sons and daughters to the Korean front under the banner of "Resist America, aid Korea, safeguard the home, and defend the motherland" and helped our people with blood. The CPV officers and men who were sent to the Korean front heroically fought shoulder to shoulder with our people and People's Army against the igniters of the Korean war and their followers. During the fierce and gruesome days of the war, the courageous CPV fighters displayed incomparable courage and the spirit of sacrifice and devoted their valuable life and youth unsparingly.

Their red blood and their feats are found everywhere in our country. During the great fatherland liberation war, our people and People's Army and the CPV embroidered numerous beautiful episodes on DPRK-China friendship.

The CPV's participation in the Korean front greatly contributed to our people's achieving a historic victory in the great fatherland liberation war and strengthening and developing DPRK-China friendship.

Today, we recall the days of the CPV's participation in the Korean front and pay our noblest respects to the fallen CPV heroes who gave their blood and life in the Korean front.

The DPRK-China friendship, which the CPV's participation in the Korean front put on a new track, has been endlessly strengthened and developed in compliance with the desires and interests of the peoples of the two countries. This has greatly contributed to building a new society and carrying out the socialist cause in the two countries.

The traditional DPRK-China friendship, which was provided and nurtured by the leaders of the DPRK and China, is being continuously developed even in today's complicated situation. When the great leader Comrade Kim Il-song passed away suddenly, the fraternal Chinese people shared sorrow with our people and expressed deep condolences. This shows the hearts of the peoples of the two countries were and are linked into one.

The Chinese people eliminated the remnants of the outdated society and made serious reforms of their society through arduous struggles. Socialism has brought free lives, welfare, and the prosperity and development of the country to the Chinese people.

China's external authority has been heightened.

The Chinese people's experiences in real life show only the socialist road ensures them genuine democratic rights and happiness and, consequently, China's endless prosperity and development.

Achieving stability and unity in the country, building socialism with Chinese characteristics, and achieving the country's reunification is the firm will and position of the Chinese party, Government, and people.

Today, the Chinese people are making positive efforts to implement the decisions of the 14th party congress under the leadership of the CPC headed by Comrade Jiang Zemin.

Our people rejoice, as over their own, over the successes registered by the fraternal Chinese people in their work to build socialism with Chinese characteristics and achieve the country's reunification.

Glorifying, generation after generation, the DPRK-China friendship which was sealed in blood and has overcome all trials of history is the consistent position of our party and people. We firmly believe that the traditional DPRK-China friendship which has a deep historic root, will, as it was in the past, be continuously strengthened and developed by the unanimous desires and joint efforts of the peoples of the two countries.

The feats and achievements which the CPV brought about in our people's great fatherland liberation war will be immortal.

Film, Photo Exhibit Mark Romania's National Day

SK2911045694 Pyongyang KCNA in English 0433
GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—The Korea-Romania Friendship Association arranged a film show and a photo exhibition Monday on the national day of Romania.

Invited there were Charge d'Affaires ad interim Gheorghe Marinescu [name as received] and officials of the Romanian Embassy here.

Kim Yong-su, vice-chairman of the Committee for Cultural Relations With Foreign Countries and vice-chairman of the Korea-Romania Friendship Association, and other officials concerned and working people in the city were present.

They saw Romanian pictures on display and appreciated a Romanian feature film.

Palestinian People's Solidarity Day Marked

SK2911051094 Pyongyang KCNA in English 0426
GMT 29 Nov 94

[“Day of International Solidarity With Palestinian People Observed”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—NODONG SINMUN today observes the day of international solidarity with the Palestinian people. The Palestinian people have waged a vigorous struggle to

retake the lost fatherland and regain their legitimate national right, the paper in a signed article says, and continues:

Today the Palestinian people are making every effort for the complete restoration of their legitimate national right and the final solution of the Palestinian problem.

The Korean people have consistently supported the Palestinian people's cause of justice and will always stand on their side.

The Palestinian people's cause of justice will surely win with the support and encouragement of the progressive people of the world.

Party Sends Message to Nepalese Communist Party

SK2911105594 Pyongyang KCNA in English 1039
GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—The Central Committee of the Workers' Party of Korea on Monday sent a message to the Central Committee of the Nepal Communist Party (United Marxism-Leninism) greeting its great victory in the general elections in Nepal.

The message says that the success of the Nepal Communist Party (United Marxism-Leninism) in the general elections is a clear expression of deep trust and support of the Nepalese people to the party and wishes it greater success in its activities for the independent development of the country and defending of the vital interests of the working masses.

Kim Il-song 'Endorsed' Partial Economic Opening

OW2711115294 Tokyo KYODO in English 1945 GMT
27 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 27 KYODO—The late North Korean President Kim Il-song clearly endorsed a cautious economic opening of his isolated country in a meeting with top cadres in July just two days before his death, sources well-versed in Japan-North Korean relations said Sunday [27 November].

Han Tok-su, chairman of the pro-Pyongyang General Association of Korean Residents in Japan (Chongnyon), revealed the late president's support for a moderate opening to other Chongnyon leaders upon return from a six-month stay in the North in late October, the sources said.

Han reportedly said that Kim's elaborations are being treated as his legacy, which is being honored by the entire Pyongyang leadership around his son and heir apparent Kim Chong-il.

On July 6, the late president convened a meeting of some 100 [figure as received] Politbureau members of the Workers Party of Korea to discuss a planned historical

summit with his South Korean counterpart Kim Yong-sam as well as economic liberalization, Han was quoted as saying.

In the meeting, Kim, who died of a heart attack two days later, pointed to the risks of economic opening such as a large influx of South Korean investment, but also stressed the need to rebuild the country's economy to prevent a wave of defections.

North Korean moves in the wake of the recent nuclear agreement with the United States seem to corroborate that the Pyongyang leadership is following such a course, the sources said.

While Pyongyang officially was negative to Seoul's decision to lift a ban on business contacts with the North, South Korean and other foreign enterprises have been individually encouraged by the North to invest in the Najin and Unggi free-economic zones near the Chinese and Russian borders, the sources said.

Japanese municipalities have been notified by the North Koreans that visa-free visits to the zones will soon be possible, an indication North Korea hopes to achieve economic growth while restricting foreign investment to special areas.

In an essay in the Nov. 4 issue of the party organ NODONG SINMUN, the younger Kim drew a line to Chinese-style market reforms, declaring that North Korea will keep to its own brand of socialism, but also cautiously sounded out a policy of limited opening.

Han, who is a member of North Korea's legislature, the Supreme Peoples Assembly, said the cadre meeting took place at Kim's villa in the Myohyangsan mountain resort some 100 kilometers north of Pyongyang, but other Chongnyon sources said it was held somewhere else.

According to Han, Kim collapsed July 7 at the Myohyangsan summer house after a heart attack, but it was impossible to get emergency medical aid, since his doctor was not with him and a heavy downpour thwarted attempts to fly in a heart specialist by helicopter.

Kim Il-song's Work on Agriculture Commemorated

SK2911104794 Pyongyang KCNA in English 1031
GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—NODONG SINMUN today carries a signed article on the 20th anniversary of the publication of the famous work of the great leader President Kim Il-song "Some Problems Arising in the Complete Implementation of the Theses on the Rural Question" (Nov. 29, 1974).

The article points out that the work is a highly important one indicating clearly the ways for creditably carrying out the work of converting cooperative property to all-people property.

The work gives an all-round exposition of such theoretical and practical questions in converting cooperative property into all-people property as intensifying education in collectivism among farmers, mechanizing agricultural production at a high level and building up the county in a right way and enhancing its role, as a regional centre for guidance and management of rural communities.

Noting the validity of the work had been clearly proved through the development of socialist rural economy of Korea in the past period and its attraction and vitality are displayed more lively with each passing day, the article says:

The work brought about a fundamental change in the ideological and spiritual traits of the agricultural working people of Korea.

Most important task in building socialist rural communities is to ceaselessly enhance the ideological consciousness of farmers through vigorous ideological revolution among them. [sentence as received]

The ideologies and theories of the work have been successfully carried into practice in the past and thus the driving forces of our rural communities have been strengthened incomparably.

Socialism has now struck its root deep in the hearts of our agricultural working people and they have come to have a steadfast faith that the chuche idea of our party is the best and the chuche method of farming and our socialist rural economic system, the embodiment of the idea, are the best.

Another great vitality of the work finds its clear expression in that the level of mechanization in farming has been considerably increased and the overall material and technical foundations of rural economy have been built up firmly.

With the realization of irrigation and electrification along with mechanization and the application of chemistry in agriculture, the tasks of rural technical revolution put forth in the socialist rural theses have been fulfilled in the main. And solid material and technical foundations to free farmers completely from difficult and hard labour and drastically boost agricultural production have been laid down through industrialization and modernization of farming work with our own efforts.

The great vitality of the work also finds its vivid expression in that the counties have been built up firmly as regional centres in socialist rural construction and their role has been enhanced by far.

Counties are becoming regional centres and regional units in socialist rural construction in our country are playing an important role.

Indeed, the work of the great leader Comrade Kim Il-song is a famous work indicating the short-cut for an

ultimate solution to the rural question and is his precious behests which our party and people should continue to implement thoroughly.

Foreign Party Leaders on Kim Chong-il's Work

*SK291103994 Pyongyang KCNA in English 1008
GMT 29 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—Ratko Krsmanovic, president of the National Committee of the League of Communists Movement for Yugoslavia, and Kamba Raymond, general secretary of the Central Committee of the Congolese Communist Party, recently met the DPRK ambassadors to their countries and highly praised "Socialism Is a Science," a work of the dear leader Comrade Kim Chong-il.

Ratko Krsmanovic said the publication of the work by Comrade Kim Chong-il demonstrated to the whole world that he is definitely carrying forward the cause of socialism based on the chuche idea started by Comrade Kim Il-song.

"Comrade Kim Chong-il published the work when peoples were seeking a true way of socialism, while longing for socialism, since socialism collapsed in some countries," he said, adding: "This greatly inspires them."

Kamba Raymond said that "Socialism Is a Science," a treatise written by His Excellency Kim Chong-il, a great thinker and [word indistinct], gives ideological and mental life [words indistinct] to the socialists [words indistinct] the great leader, socialism will be rebuilt as a powerful force.

Kim Chong-il's 'Famous Work' Reported Abroad

*SK2911045094 Pyongyang KCNA in English 0424
GMT 29 Nov 94*

[All names of newspapers as received]

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—"Socialism Is a Science," a famous work of the dear leader Comrade Kim Chong-il, was carried by foreign papers.

The Indian paper NEW DELHI TIMES and the Zimbabwean paper CHAMINUCA carried the work, printing portraits of Comrade Kim Chong-il.

The Russian papers VETERAN No. 36, GLASNOST Nos. 26-27 and ROSSISKAYA PRAVDA No. 23, the Burundian paper UBUMWE and the Algerian paper AL WAHDA carried the work under the titles "Kim Chong-il: Socialism Is a Science," "Kim Chong-il: Socialism Will Surely Be Revived and Emerge Victorious," etc.

Meanwhile, the Peru-Korea Institute of Culture and Friendship published a bulletin carrying the work on November 16.

Foreign Parties Send Messages to Kim Chong-il

*SK2911043394 Pyongyang KCNA in English 0421
GMT 29 Nov 94*

[All names as received]

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—Comrade Kim Chong-il, the dear leader of our party and people, received solidarity messages from foreign party leaders as regards the agreed framework published by the Democratic People's Republic of Korea and the United States of America.

The messages came from chairman of the National Direction Committee of the Democratic Intervention of Portugal Blasco Hugo Fernandes, chairman of the Austrian Communist Party Walter Bayer, general secretary of the Congolese Socialist Party Leon Nzokene, General Secretary of the National Convention Party of Ghana Alhaji Adam Bukhari Ziblim, general secretary of the Central Committee of the Communist Party of Malta Anthony Vassalo and chairman of the February Revolutionary Party of Paraguay Victor Sanchez Bilagra.

The messages warmly congratulate Comrade Kim Chong-il on the publication of the agreed framework between the DPRK and the USA.

They say the publication of the agreed framework is a fruition of the DPRK's consistent efforts for a package solution to the nuclear issue and a victory of the Korean people, who value the nation's sovereignty, justice and peace.

They extend firm solidarity with the Workers' Party and people of Korea in their efforts for the independent and peaceful reunification of Korea.

More Foreign Party Leaders Praise Kim Chong-il

*SK2911000094 Pyongyang KCNA in English 2144
GMT 28 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—“Socialism Is a Science”, a work of the dear leader Comrade Kim Chong-il, gives scientific answers to urgent matters arising in the building of socialism at present, said Eli Altamirano, general secretary of the Central Committee of the Communist Party of Nicaragua, when he met with the DPRK ambassador to his country on November 21.

He said that the dear leader Comrade Kim Chong-il is a great thinker and theoretician who is (?waging) the struggle for socialism in the van.

Today, Korea has become the centre of the rebirth, development and enrichment of the socialist idea not only in Asia but (?in all the) world thanks to the energetic ideological and theoretical activities of Comrade Kim Chong-il, he stressed.

Emile Kibala Bey Ansien [name as received], national chairman of the Workers' Party of Zaire, visited the

DPRK Embassy in Kinshasa on November 19 and said that the progressive peoples of the world are looking up only to Comrade Kim Chong-il after the great leader President Kim Il-song passed away.

“Our Workers' Party of Zaire will dynamically struggle to build a new society under the banner of the chuche idea, holding Comrade Kim Il-song and Comrade Kim Chong-il in high esteem forever as the leaders of the world revolution,” he declared.

Party, Government Officials at Tanchon Factories

*SK291103794 Pyongyang KCNA in English 1005
GMT 29 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—Politburo members of the C.C. [Central Committee], The Workers' Party of Korea [WPK] and Vice-presidents Yi Chong-ok and Kim Yong-chu and Politburo members, alternate Politburo members and secretaries of the WPK Central Committee, vice-premiers of the Administration Council and other senior party and government officials inspected the Kwangchon foodstuff factory and the Kwangchon disabled soldiers' plastics daily necessities factory in Tanchon City, South Hamgyong Province on Sunday.

These local industrial factories are model units in displaying the spirit of self-reliance in their operation in hearty response to the party's intention.

Upholding the teachings of the great leader Comrade Kim Il-song that the local industrial factories should create their own solid bases of raw materials, the officials and workers there built solid material and technical foundations of the factories with their own techniques and local raw materials in reliance on their strength over the past period. Thus they have overfulfilled their economic assignments every year.

The [words indistinct] raw material bases of hundreds of hectares, secured material sources and built many power stations to keep production of [words indistinct] foodstuff and daily necessities of more than 320 kinds popular among the people.

Acquainting himself with the achievements at those factories, Comrade Kim Chong-il, the great leader of our party and people, made sure that party and government cadres inspected them.

At the factories the party and government officials were briefed on the achievements and experiences which have been gained through wisdom and efforts of the masses and through self-reliance and saw [word indistinct] the production equipment and processes, to be deeply moved.

After the inspection, they warmly congratulated the officials and workers there on their achievements and called at workers' houses and conversed with them.

The workers expressed their determination to make active contributions to defending and honoring our socialism centred on the masses of the people [words indistinct] a fresh revolutionary upsurge in the production of light industrial goods, upholding the dear leader Comrade Kim Chong-il with loyalty and filial piety as intended by the [word indistinct] President Kim Il-song in his lifetime.

Vice Premier Attends Construction Sites Rallies

SK2911012594 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 25 Nov 94

[FBIS Translated Text] Modern silicalcite houses will be built in Kangdong County, and a new street will be built between Kumnung Tunnel No. 2 and Yonmok-tong in Pyongyang.

Comrade Kim Chong-il, great leader [widaehan yong-doja] of our party and people, who desires to provide happier living conditions for the working people of the capital city, recently made programmatic remarks on the need to accelerate the building of houses and streets.

Rallies of builders and working people were held separately on each construction site on 24 November to accelerate the building of the houses and the street in the capital, upholding the dear leader Comrade Kim Chong-il's remarks.

Present at the rallies were Comrade Kim Yun-hyok, vice premier of the Administration Council; Pak Nam-ki, chairman of the Pyongyang Municipal Administrative and Economic Committee; functionaries of sectors concerned; labor innovators; standard-bearers of the three revolutions; builders; and working people.

Kang Hyon-su, responsible secretary of the Pyongyang Municipal Party Committee and chairman of the Pyongyang Municipal People's Committee, delivered a report at the rally held at the place where the houses are being built. Then, speeches were made by Yun Pyong-kwon, director of the Pyongyang Municipal General Bureau of Construction; Kim Song-sik, head of the Kangdong County Administrative and Economic Committee; So Kwang-yong, commander of the Speed Battle Youths Shock Brigade; and Yun Hong-pil, secretary of the Primary Party Committee of the Mobile Brigade for Capital Building.

At the rally held at the street construction site, Choe Yong-kwon, director of the General Bureau of Capital Building Complex, delivered a report, which was followed by speeches by Kye Sung-pin, vice director of the Pyongyang Municipal General Bureau of Construction; Yi Chang-hwa, chairman of the Moranbong District Administration and Economic Committee; Kim Yong-kam, secretary of the Primary Party Committee of the Pyongyang Construction Station; and Kim Kyong-chan, manager of the Chung District (Chollap) House Building Station.

Resolutions were adopted at the rallies. After the rallies, the participants ran to the construction sites to wage a labor struggle.

Achievements of Soldiers in Construction Praised

SK2911045494 Pyongyang KCNA in English 0417 GMT 29 Nov 94

[“Soldiers' Feats”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—Officers and men of the Korean People's Army and the Korean People's Security Forces who received the order issued by Comrade Kim Chong-il, supreme commander of the Korean People's Army, on November 9, 1994 are making progress in their work to build the Chongyu Bridge (the second-stage) and Kumnung Tunnel No. 2 in Pyongyang.

They are faced with the task to complete the vast projects by October 10, 1995, the 50th anniversary of the foundation of the Workers' Party of Korea. The projects include over 5,500 cubic metres of excavation, some 7,600 cubic metres of concrete tamping, assembling of more than 200 pre-fab parts, some tens of thousands of cubic metres of digging for tunnelling and 75,000 cubic metres of earth disposal.

The soldiers, unfailingly loyal to the order of the supreme commander, turned out in the projects and dealt with a large share of the projects in ten odd days alone, with the unshakable faith “when the party is determined, we can do anything!”

The officers and men of the People's Army and people's security forces have impregnably safeguarded the country in the tense situation caused by the enemy's provocations, and at the same time, involved themselves in socialist construction to build a large number of grand monumental edifices glorifying the Workers' Party era.

When they were building the February 8 vinalon complex, they created the “vinalon” speed by completing the vast construction of some 50 architectural structures on the plottage of 500,000 square meters in a short period.

When they were building the West Sea Barrage, they performed heroic feats by damming off 8 kilometres of rough sea and building 3 locks and 36 sluice-gates at the estuary of Taedong River in five years.

Associated with their feats are the February 8 cement complex, the February 8 Chiktong youth coal mine, the Taechon united hydraulic power stations, grand and beautiful streets in Pyongyang, the February 8 House of Culture, the Pyongyang Metro, the Pyongyang-Wonsan express highway and other industrial establishments and monumental edifices.

In the 90s they have successfully completed scores of vast projects such as water ways extending 800 kilometres, Pyongyang-Kaesong Express Highway and introduction of tram cars in Pyongyang.

South Korea

IAEA Confirms Part of DPRK Nuclear Freeze

SK2911011694 Seoul YONHAP in English 0106 GMT
29 Nov 94

[FBIS Transcribed Text] Berlin, Nov. 29 (YONHAP)—The International Atomic Energy Agency (IAEA) announced Tuesday that it has confirmed part of North Korea's nuclear freeze.

An IAEA delegation which arrived in Pyongyang last week to negotiate inspections conducted on-the-spot checks of some North Korean nuclear facilities to confirm the freeze, the agency said.

The delegation verified that operation and construction of nuclear facilities at Yongbyon and Taechon have been halted, and is checking other nuclear facilities on which it reached agreement with North Korea.

The delegation, along with two inspectors staying at Yongbyon, affirmed that nuclear fuel has not been reloaded into a 5-megawatt reactor and that spent fuel rods were not reprocessed at a radiochemical laboratory, IAEA sources said.

Construction of a 200-megawatt graphite-moderated reactor in Taechon has also stopped, the sources quoted the delegation as saying.

The IAEA delegation conducted on-the-spot inspections in accordance with the agency's agreement with North Korean authorities, and must continue negotiations on additional issues, the IAEA Secretariat explained.

However, the IAEA did not elaborate on the present condition of the more than 8,000 spent fuel rods removed from the 5-megawatt reactor or whether work on a 50-megawatt graphite-moderated reactor has ceased.

Seoul Not To Support North 'Additional Expenses'

SK2911023794 Seoul HANGUK ILBO in Korean
29 Nov 94 p 2

[Report by Ko Tae-song]

[FBIS Translated Text] It was learned on 28 November that the government estimates that the additional expenses required for supplying alternative energy (heavy oil) to North Korea, beyond the support with light-water reactors, will amount to \$1 billion. This being the case, the government plans to inform the United States and Japan of its position that these additional expenses should be the responsibility of the U.S. Government in the course of implementing the DPRK-U.S. agreement.

With a view to insuring this policy systematically, the government will separate the project of supporting light-water reactors from other works in support of North

Korea, including the supply of heavy oil, disposition of used fuel rods, and the like. Thus, the government plans to separate these works from the work to be handled by the Korea Energy Development Organization [KEDO].

This position of the government is different from its previous policy that we will participate only in supporting light-water reactors to North Korea. This position attracts people's attention because it was put forward amid moves by U.S. congressmen to block the United States from sharing the financial burdens for supplying heavy oil to North Korea and moves to void the DPRK-U.S. agreement.

A relevant government official said that "while the moves of the U.S. Republican Party to dismiss the DPRK-U.S. agreement are not likely to lead to annulment of the agreement, such moves give rise to the possibility of the bearing of additional expenses by our side." He added: "As long as the basic framework of the agreement is maintained, we will participate only in supporting light-water reactors. This is our firm position."

U.S. Senate Hearing on DPRK Agreement Viewed

SK2911095394 Seoul CHOSON ILBO in Korean
29 Nov 94 p 3

[Article by Hong Sok-chun]

[FBIS Translated Text] The ROK Government views "the hearing on the North Korean nuclear issue" to be held on 30 November by the U.S. Senate Foreign Relations East Asian and Pacific Affairs Subcommittee as a way for the U.S. Republican Party to exercise pressure on the Clinton administration's policy on the North Korean nuclear issue.

The ROK Government observes that the Senate hearing, to be held reportedly in the form of an informal meeting [kandamhoe] with the absence of officials from the Clinton administration, will not reveal the whole picture of the Republican Party's policy toward the North Korean nuclear issue because the hearing is expected to discuss other issues as well, such as the Uruguay Round issue.

The government observes that once the new U.S. Congress is convened around 4 January, Republican lawmakers, including Helms, chairman of the Senate Foreign Relations Committee, and Murkowski, chairman-designate of the Senate Foreign Relations East Asian and Pacific Affairs Subcommittee, who are known as typical conservative and hawkish Republicans, will further strengthen the offensive on the North Korean nuclear issue, including "the issue of suspending the provision of heavy oil to North Korea."

The Republican Party may attempt to abrogate the U.S.-North Korean agreement in a bid to give a "hard time" to the Clinton administration, which will be

possible if the party leads the Congress to adopt a resolution after the Senate hearing.

Considering the effect the hearing will have on U.S. public opinion and the power of the Congress, which controls the "money" to be used in the Clinton administration, there is a high possibility that the Republican Party's policy may make it inevitable to review the results of the U.S.-North Korean nuclear negotiations.

Although it was signed by a representative of the administration and has come into effect, the U.S.-North Korean framework agreement may be unilaterally declared "invalid" because the framework is not an international treaty.

If this happens the North Korean nuclear issue will be destined to face a crisis. If the Senate hearing reveals the fact that the United States made concessions to North Korea in the nuclear negotiations and if North Korea turns out to be insincere in the implementation of the agreement, lawmakers such as Helms and Murkowski will surely wield swords. It is because of such worries that Foreign Minister Han Sung-chu has stressed: "The Geneva agreement should not be negotiated again nor should it be damaged, even though some groups in the U.S. Republican Party are stressing the need to review the agreement."

The ROK Government views that such a possibility is not likely. Government officials concerned point out: In the past decades when the Democratic Party dominated the U.S. House of Representatives all successive Republican Party regimes had firmly exercised the President's veto right over Congressional decisions.

Some people believe that the Republican Party will not want to reverse the U.S.-North Korean agreement itself in order to avoid possible criticism from the doves that it is attempting to create a conflict between the United States and North Korea and between the North and the South of Korea.

Even though it is sure that the Geneva agreement will not reach a stage of abrogation, our government has paid keen attention to the possible effect that the Republican Party's opposition to the supply of heavy oil to North Korea will have on both the ROK and Japanese Governments.

Our government worries that public opinion will criticize that "while the United States refuses to pay for heavy oil valued at only \$400 million, the ROK has to bear more than \$2.5 billion at a minimum of the total \$4 billion for North Korea's light-water reactors..."

A government official concerned stated: "Unless the U.S. Republican Party attempts to abrogate the U.S.-North Korean Geneva agreement itself the conflict surrounding U.S. support of heavy oil for North Korea is nothing more than a U.S. domestic issue."

The effect of the U.S. Republican Party's hard-line attitude on North Korea is also a matter of our interest. Our government, which has been propagating that the U.S.-North Korean Geneva agreement was "successful," hopes that the Republican Party's pressure on North Korea will result in soothing North Korea because North Korea ardently needs alternative energy.

With the conclusion of a contract between the United States and North Korea for providing light-water reactors to North Korea on the horizon, however, we cannot rule out the possibility of North Korea—which has held experts' meetings with the United States—employing a time-dragging strategy [potigi chollyak] under the excuse of its dignity and pride.

The U.S. Republican Party's criticism of the Clinton administration's policy on the North Korean nuclear issue may drive our government's officials into a corner, as they said, right after the Geneva agreement was made public, that "it is lucky to have put out the fire."

First DPRK Delegation to U.S. Discussed

*SK2911022894 Seoul YONHAP in English 0220 GMT
29 Nov 94*

[FBIS Transcribed Text] Washington, Nov. 28 (YONHAP)—North Korea will send a five-member delegation led by Pak Sok-kyon, deputy director of the Foreign Ministry's American affairs section, for expert-level talks with the United States on exchanging liaison offices slated for Dec. 6-10 in Washington.

Officials from North Korea's UN mission in New York said Monday that the delegation would urge Washington to implement faithfully the Geneva nuclear agreement in view of the increasing objections to the pact voiced by hard-line conservatives in Congress after the recent midterm elections.

Predicting the liaison offices will open in Pyongyang and Washington by next spring, they said the experts' talks would focus on issues related to establishing consular relations, easing travel restrictions and communications and foreign exchange controls, and securing office buildings.

During the five-day talks, the North Koreans will ask the Americans to remove communications and foreign exchange controls under the Geneva agreement calling for such removal by Jan. 21, 1995.

On the other hand, the U.S. delegation is expected to press for the principle of reciprocity regarding the activities of liaison office diplomats in both Washington and Pyongyang.

The delegation is the first that the communist country has ever sent to Washington.

U.S. Delegation Departs for Talks With North

*SK291102294 Seoul YONHAP in English 0004 GMT
29 Nov 94*

[FBIS Transcribed Text] Washington, Nov. 28 (YONHAP)—A U.S. delegation led by Gary Samore, State

Department deputy-director for nuclear non-proliferation, left for Beijing Monday to attend an experts' meeting with North Korea slated for Wednesday through Friday.

At the meeting, nuclear experts from the two countries will exchange views on the contents and principles to be incorporated into the contract that an international consortium, dubbed the Korea Energy Development Organization (KEDO), will conclude with Pyongyang to provide it with light-water reactors.

The U.S. delegation will reportedly ask its North Korean counterpart to specify in the contract that South Korea's Ulchin-3 and -4 type reactors will be made the reference reactors, and that Seoul will play a central role in the reactor project.

Foreign Ministry Sends Delegates to Experts Talks

SK2911064694 Seoul YONHAP in English 0638 GMT
29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)—The Foreign Ministry has dispatched Pak In-kuk, director of the Disarmament and Nuclear Energy Division, to monitor the North Korea-U.S. meeting on the North's proposed reactor project, it said Tuesday.

Pak is part of a four-member delegation that includes officials from the Korea Energy Power Corp. and the Korea Atomic Energy Research Institute.

Gary Samore, deputy director for Non-proliferation at the U.S. State Department, arrived in Beijing with a seven-member team for three days of talks beginning Nov. 30 on providing North Korea with a set of light-water nuclear reactors.

Kim Chong-u, North Korean vice minister of external economic affairs, is leading Pyongyang's 10-member team.

Ministry officials said the meeting will address issues related to reactor construction, such as experts' access to the construction site in North Korea, delivery of equipment and creation of a Korea Energy Development Organization (KEDO) office which will oversee the entire project.

North 'Experts' Delegates Issue Statement 29 Nov

SK2911114394 Seoul YONHAP in English 1137 GMT
29 Nov 94

[FBIS Transcribed Text] Beijing, Nov. 29 (YONHAP)—Ten North Korean delegates to a U.S.-North Korea experts meeting opening in Beijing Wednesday, arrived here Tuesday with a statement that they would have sincere talks with U.S. delegates.

The meeting is to discuss details related to supporting the construction of light-water reactors in North Korea.

The North Korean delegates including three delegates and seven alternate delegates flew into here aboard Air Koryo's Flight JS151.

In a statement distributed on their arrival, the North Korean delegation said they would have talks in a sincere manner in close cooperation with the U.S. side to produce a satisfactory outcome which, it said, would accelerate the overall implementation of the Geneva U.S.-North Korea agreement.

The statement went on to say that the Beijing talks would be focused on preparing a common framework to wind up the issue of concluding a contract between the United States and North Korea for the supply of light-water reactors.

South Korean Ambassador to China Hwang Pyong-tae observed the meeting would result in a constructive outcome as North Korea is very sincere toward the talks.

He said discussions would be centered on the issue of forming a consortium for the support of light-water reactors, model of reactors, and time and other conditions of their delivery.

Meanwhile, a 10-member U.S. delegation headed by Gary Samore, State Department deputy-director for nuclear non-proliferation, is to arrive here Tuesday evening.

University President: Chusapa in 'Dormant Period'

SK2911042994 Seoul HANGYORE SINMUN in Korean
29 Nov 94 p 23

[FBIS Translated Text] On 28 November, Pak Hong, president of Sogang University, alleged that "since last summer's tumult over chusapa [chuche idea faction], the power of chusapa in our society has weakened considerably. However, chusapa has not completely disappeared but merely entered a dormant period. This being the case, measures are necessary to cope with this."

University President Pak Hong made this statement in a speech before the monthly forum of the ROK-U.S. Friendship Society (President Kim Sang-chol) held at the Pyoksan Building, Tongja-tong, Yongsan-ku, Seoul, on the evening of 28 November.

He said that "with a view to preventing ideological roaming in our society, 'the research and educational institute for peaceful reunification' was formed with university presidents across the country at the core. In addition, the 'democratic citizens and educators society' will be launched amongst college professors, high-school presidents and teachers on 2 December for the purpose of conducting moral education for students so that they can pursue the path of virtue."

North Korean Exports to Japan Exceed Imports

SK2911021494 Seoul YONHAP in English 0148 GMT
29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)—For the first time since 1990, North Korea's exports to

Japan have showed an increase, centering on processing-on-commission (POC) trade in clothing.

According to Japanese trade statistics obtained by the (South) Korea Foreign Trade Association (KFTA) Tuesday, the North's September exports to Japan hit an all-time high of 8.03 billion Japanese yen, a sharp increase of 175.7 percent over the same month last year.

As a result, the North's January-September shipments to Japan grew 12.9 percent from the same period last year to 24.77 billion yen.

Since North Korean exports to Japan rose 4.8 percent with 43.29 billion yen in 1990, exports had been on a three-year slide of between 11.7 to 14.6 percent.

It was the first time that the North's monthly export performance has exceeded 8 billion yen and marked the first growth since August last year.

By item, shipments of woven cloth, the North's top export product, fell 13.5 percent to 6.34 billion yen for the first nine months over the same period last year.

But August exports rose 21.5 percent to 984 million yen from the same month last year and September generated the highest monthly figure of 1.33 billion yen, up 33 percent.

Knitwear shipments enjoyed solid growth of 64.6 percent or 446 million yen during the January-September period.

Vegetable exports including mushrooms came in at 5.4 billion yen for the first nine months, up 130 percent from a year ago.

DPRK Plans To Build Container Ship Port

SK2611012894 Seoul YONHAP in English 0116 GMT
26 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 26 (YONHAP)—North Korea plans to construct a large container-ship port in the western city of Nampo, one of the regions it may open to the outside world to escape from its current economic plight, Seoul's official Pyongyang watcher reported Saturday [26 November].

According to Naewoe press, Chosunshinbo, an organ of the pro- Pyongyang organization Chochongnyon [General Association of Korean Residents in Japan] in Japan, carried an article in its recent editions on major ports in North Korea which said that the North is proceeding with plans to build a modern container-ship port in Nampo in the near future.

Chosunshinbo also said North Korea completed construction of fertilizer-handling facilities at Pier 1 in Najin Port last August while finishing work on a large cylindrical power shovel at Nampo's Pier 9 and computerization of Nampo port last September, according to Naewoe.

The Chochongnyon organ reported that the power shovel allows the North to halve the time needed to unload without using oil.

North Korea has equipped major ports including Nampo, Hungnam, Chongjin, Songlim and Haeju with scales for motor vehicles this year in order to weigh all freight passing through the ports quickly and accurately, Naewoe quoted Chosunshinbo as saying.

Problems in Inter-Korean Exchange Rates Analyzed

SK2611005694 Seoul THE KOREA HERALD in English 26 Nov 94 p 8

[By staff reporter Choe Nam-hyon; first in a two-part series on technical problems facing inter-Korean economic cooperation: "South, North Need To Settle Exchange Rates for Business Ties"]

[FBIS Transcribed Text] Back in early August 1990, Korea Exchange Bank was working on a plan to open a temporary money exchange house for South Koreans visiting North Korea and vice versa.

Preparations for the money exchange house followed an earlier proposal by then president No Tae-u that South and North Korea exchange a large number of people in mid-August the same year to reduce mutual hostility.

The bank found few problems with the prospective South Korean visitors, who could change their Korean currency into U.S. dollars at official rates and use them in the North.

But as for the North Koreans, since their currency had little convertibility, most could not afford to hold U.S. dollars or any other foreign currencies.

To solve this problem, the South Korean government decided to subsidize the North Korean visitors.

The bank was told by the Ministry of Finance to exchange 1 North Korean won for 668 won for North Korean visitors and for 320 South Korean won for South Koreans returning from the North with North Korean currency.

When calculated with South and North Korean exchange rates for the U.S. dollar, 1 North Korean won was worth 325 South Korean won at that time.

Though the North Korean currency had little liquidity in the South, the Ministry of Finance guaranteed that the Bank of Korea, the South Korean central bank, would buy all North Korean money from the Korea Exchange Bank at the rates at which it was exchanged.

The bank's plan to open a money exchange house near the Demilitarized Zone separating South and North Korea was scuttled when Pyongyang turned down President No's proposal for the exchange of people between the two sides of the divided nation.

Nevertheless, the aborted plan has far-reaching implications as South Korea is preparing to promote trade with and investments in North Korea.

South and North Korea need to find a proper way to help settle private business transactions if they are to start normal business relations. The first step toward this end is to establish the exchange rate.

Money exchange for increasing trades and investments is certainly more complex than that for a one-shot exchange of people across the Demilitarized Zone.

First of all, it will be impossible for the South Korean government to subsidize all exports and investments in the North. Imports will not pose any problem as the South Korean importers will be able to pay for them with hard currencies.

The problem here lies in how to determine the exchange rate, or the price at which the South Korean won is converted into the North Korean won, for private, commercial and financial transactions.

The exchange rate can ordinarily be determined by comparing the domestic market prices of tradable goods of the same quality in two different countries, says an official from Korea Exchange Bank.

However, the Communist North, whose market has yet to develop, has a price mechanism different from that of capitalist countries.

In the absence of a market price mechanism in the North, the Korea Exchange Bank official says, the Foreign Trade Bank determines monthly buying and selling rates for major foreign currencies.

"Under such circumstances, we cannot say that the North Korean exchange rate for the U.S. dollar reflects the fair price of the North Korean currency," he says. "As a result, we find it difficult to compare the value of South and North Korean currencies."

Despite the intrinsic problem stemming from the difference between market and command economies, Seoul and Pyongyang did attempt in the past to establish an exchange mechanism.

In 1992, when rapprochement appeared to be developing between them, the two sides agreed to use the Swiss franc, instead of the U.S. dollar, to determine their exchange rate.

The agreement, which was never implemented as the two sides made little headway in improving overall bilateral relations, was flawed, though, says an official from the Ministry of Finance.

The choice of the Swiss franc over the most widely used currency in the world, says the official, was made to reflect North Korea's animosity against the United States though the use of the Swiss currency was less convenient for trade and investments.

As it is now improving relations with Washington, Pyongyang may not oppose the use of the U.S. dollar in calculating the exchange rate for South and North Korean currencies.

Problems Hindering Inter-Korean Trade Discussed

SK2711015994 Seoul THE KOREA HERALD in English 27 Nov 94 p 8

[By staff reporter Choe Nam-hyon; second in a two-part series on technical problems facing inter-Korean economic cooperation: "Clearing Account To Remove Hurdles to Inter-Korean Trade"]

[FBIS Transcribed Text] It is difficult to predict when direct two-way trade will replace an abnormal mode of trade—South Korean imports from North Korea with third-party mediation with no South Korean exports to the North. The complexity of inter-Korea relations demands much preparation if the two sides are to put bilateral trade on a normal track.

Four decades of a cease-fire on the Korean peninsula means South and North Korea are technically still at war. Though both have become members of the United Nations as sovereign states, each of them regards the other as an integral part of its whole.

Together with this complexity, which makes South and North Koreans both enemies and brethren, Pyongyang's shortage of hard currencies is preventing South and North Korean traders from freely engaging in imports and exports.

"You cannot expect North Korea, which is defaulting debt payments to its foreign creditors, to pay for imports from the South," says an official from the Ministry of Finance.

Under this circumstance, is there no way for South Korea to export products to the North? The answer to South Korean policy-makers working on inter-Korea relations is yes.

One possible way to overcome North Korea's hard currency problem is to settle together all trade conducted over a period of time, instead of settling each transaction separately, says an official from the Ministry of Finance.

"A clearing account would serve this purpose if South Korea buys more from the North than it sells," says the official. "It is better than for South Korea to expand imports from the North and sell nothing."

He expects inter-Korea trade to grow sharply if Seoul and Pyongyang agree to establish a clearing account. A mechanism for dispute settlements would spur inter-Korea trade further.

Growth in bilateral trade may spawn a seed of dispute between South Korea and other members of the General Agreement on Tariffs and Trade (GATT), which is

scheduled to be replaced by the World Trade Organization (WTO) regime next year. North Korea is not a GATT member.

The United States and some other GATT members are raising questions about South Korea's intention of freeing inter-Korean trade from customs duties. Both Seoul and Pyongyang maintain that inter-Korea trade is not subject to customs duties as it is domestic trade. But the United States and some other GATT members are not willing to buy this line of argument.

Last month, the United States demanded an explanation from Seoul.

In response, Prime Minister Yi Yong-tok said earlier this month that Seoul is considering declaring inter-Korea trade as domestic trade when it submits the National Assembly's ratification of accession to the WTO accord next year.

Testifying before the National Assembly, he said he does not believe that Seoul needs to obtain the GATT's approval of inter-Korea trade as domestic trade.

"The U.N. Charter, which is placed higher than the GATT, recognizes divided nations' right to self-determination, and the Agreement on Reconciliation, Nonaggression and Exchanges and Cooperation between the South and the North (of 1992) also states inter-Korea trade is domestic trade," he said.

Despite Prime Minister Yi's response to the U.S. demand, disputes on the nature of inter-Korea trade may not die down soon.

Seoul, however, appears determined not to capitulate to any demand that South and North Korea levy customs duties on imports from each other.

"We will go our own way whatever any of the GATT members says about inter-Korea trade," says an official from the Ministry of Foreign Affairs.

Despite distractions from abroad, it may be easier to promote inter-Korea trade than to promote South Korean direct investments in the North in the absence of proper protection.

Potential South Korean investors are expected to demand that Seoul conclude an accord on investment protection and another accord on the avoidance of double taxation with Pyongyang. Such accords would guarantee investor protection to a full extent when they are concluded among nations having normal relations.

But they would be the minimum safety net for South Korean investors when hostilities between Seoul and Pyongyang as enemies are now outweighing relations as brethren.

Government Views Basic Agreement in N-S Trade
SK2911071394 Seoul YONHAP in English 0707 GMT
29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)—The government will ask local businesses to include a

clause in contracts with North Korea stipulating that the 1992 South-North basic agreement takes precedence over their respective domestic laws, the National Unification Board (NUB) said Tuesday.

In a "study on model investment contracts with North Korea," the NUB said it is desirable for domestic firms to insert this clause in contracts with North Korea given that the two sides have yet to sign agreements on double taxation avoidance and investment guarantees.

The board noted that "China also considers that any agreements between China and Taiwan control domestic Chinese laws."

Moreover, the ministry will urge domestic businesses to prescribe foreign exchange rates and acknowledge patents and other issues which could be sources of dispute later clearly in contracts in that North Korean laws governing foreign investment contain many obscure clauses.

Seoul's Economic Cooperation Guidelines Reviewed

SK2811085694 Seoul MUNHWA ILBO in Korean 28 Nov 94 p 8

[Article by Song Il-kwon]

[FBIS Translated Text] "Will there be a local office through Panmunjom or will there be an overseas branch office via Beijing?"

This controversy regarding the nature of offices to be established in North Korea has arisen as a result of the recently released government guidelines on South-North economic cooperation, which will allow enterprises, economic organizations, and banks to open offices in North Korea.

The employees of some enterprises, including general trading companies, are even joking that the determining factor in the selection between local offices or overseas branch offices is the route they will take when visiting the North. In particular, receiving various benefits, such as danger pay, living expenses, and recognition in performance evaluations, depends upon whether working in North Korea is regarded as working in a foreign country or in a regional location.

Due to North Korea's low standard of living, there is no sure-fire guarantee of personal safety. It is also expected that one will have to experience inconveniences while working in the North, therefore, ROK enterprises believe it will be proper to regard working in the North as similar to working in a hinterland in a foreign country, such as an African country.

At the present moment, however, because the government does not recognize North Korea as a state and defines it as an antistate organization, the government does not regard an enterprise employee's visit to North Korea as a visit to a foreign country.

One official of the Korea Trade Promotion Corporation stated: "We do not define trade with North Korea as a transaction between two countries, but as a transaction between countrymen within the nation."

To the contrary, North Korea stipulates that only foreign countries will be allowed to invest in the Najin-Sonbong area. This could mean North Korea considers its deals with the ROK as deals between two countries. Nevertheless, North Korea defines the ROK as part of its territory. Therefore, it does not recognize the ROK enterprises themselves.

Therefore, our enterprises are seeking to use the names of PRC companies or to establish joint ventures with foreign enterprises to advance into the North, causing some people to worry that the status of ROK enterprises' branch offices in North Korea may weaken.

Relevant departments of major business groups, such as Hyundai, Samsung, and Lucky-Goldstar, are racking their brains to find a pertinent solution. As there are no internal regulations regarding employees working in North Korea, businesses have to work out new rules and regulations.

Businessmen have stated: "It is necessary to recruit and train expert officials who are well-versed in North Korean affairs to lead the advancement into North Korea. Before doing this, South and North Korean authorities have to agree on the safety and protection of ROK businessmen, as well as to define the nature of the status of businessmen working in North Korea."

Stipulations for Enterprises

SK2911042794 Seoul TONG-A ILBO in Korean 29 Nov 94 p 2

[FBIS Translated Text] On 28 November, the government stipulated that, in the event enterprises and economic organizations establish offices in North Korea, they should report their activities to the minister of the National Unification Board [NUB] twice a year. They should submit to the NUB minister reports on those offices' activities within 20 days of the end of the first and second semesters. In line with the government's decision, the enterprises and economic organizations should report on whom their resident employees [chu-jaewon] in North Korea have met and what they have discussed with North Koreans; what advice or what economic and technological information they provided to North Korean enterprises; when and why they have been to South Korea or to a third country; and other noteworthy matters.

The government decided on that day to make public in the form of a NUB notice "Guidelines for the establishment of offices in the North Korean area by ROK enterprises and economic organizations" which will be in effect on 1 December.

As for the qualifications for establishing offices in North Korea, the guidelines also stipulate that relevant enterprises or organizations should show that they have the need to open offices to facilitate South-North economic exchange and cooperation, that they believe that it is feasible to open their offices there, and that they make sure that there is no concern with the possibility of damaging national security, public order, or the public's wellbeing.

The guidelines also stipulate that the NUB minister can order the businesses to make changes and that the number of resident employees may be reduced or replaced if the NUB minister believes there is a concern that the offices in North Korea may damage South-North economic exchange and cooperation by carrying out acts that go beyond the boundary of the purpose of those offices or by violating relevant rules or laws.

The government also decided not to restrict the name those offices in North Korea should have, whether it be a mission, agency, or branch office.

In addition, in "the amendment of the NUB notice on the items to be traded between South and North Korea and on exports and imports, and getting relevant approval," the government designated fine art works, porcelain, craft works, postage stamps, money, and stocks and bonds (which have already been used and which are not in circulation) as items which can only obtain limited approval for their export and import.

In the meantime, the NUB will, in cooperation with the Korea Trade Promotion Corporation, visit Seoul, Inchon, Kwangju, Taegu, and Pusan from 29 November to 3 December to explain to businessmen and economic officials in those cities the procedures on the businessmen's visits, trade, and investments in the North.

UN Role in North-South Cooperation Discussed

SK2911003994 Seoul HANGYORE SINMUN in Korean 28 Nov 94 p 4

[Article by Kim Sung-ho]

[FBIS Translated Text] The United Nations is now trying to participate actively in playing the role of "mediator" for economic cooperation between North and South Korea through the UN Development Program [UNDP] and the UN Industrial Development Organization [UNIDO]. North Korea already has relations with these UN organizations, which are in charge of assisting developing countries. Since the conclusion of the nuclear negotiations in Geneva between North Korea and the United States, our government, too, has expressed its willingness to support the efforts by these UN organizations. Consequently, prospects are brighter than ever before. Let us examine the types of cooperation projects being carried out for North Korea and the UN organizations that are involved in these cooperation projects.

With the government's decision to invigorate North-South economic cooperation following the settlement of the Geneva talks on the North Korean nuclear issue as an occasion, the moves for North-South economic cooperation through international organizations have become more active.

With the settlement of the North Korean nuclear issue, international organizations under the United Nations—which had deferred North-South economic cooperation projects due to the nuclear issue—have begun to push ahead with North-South projects. As a result, successive visits to the ROK by officials of UN international organizations have occurred.

(Mauricio Campos), secretary general of UNIDO, visited the ROK on 18 November to discuss matters on North-South economic cooperation. Officials concerned of the Asia-Pacific Economic and Social Council [ESCAP] visited Seoul on 27 November to discuss constructing the Asian transcontinental railroad. In October, (Ihan Davis), official in charge of China and North Korea of UNIDO in Beijing, visited Seoul to have discussions with the ROK Government. Last June the UNDP offered economic and technological cooperation assistance on the Korean peninsula, covering 20 different projects in addition to the Tumen River development project. The ROK Government has recently decided to accept the offer and to participate in the work.

Major economic cooperation projects initiated by UN international organizations in which both the North and the South of Korea will participate include the Tumen River area development program [TRADP]; the economic and technological cooperation program on the Korean peninsula; the investment project in North Korea by UNIDO; and the construction project of the transcontinental railroad, which includes the construction of a railroad linking North and South Korea.

In addition to these projects, the Northeast Asian natural environment cooperation project sponsored by ESCAP, in which both the North and the South of Korea are to participate, is also under consideration.

The UNDP is now accelerating to make the TRADP and the economic and technological cooperation projects on the Korean peninsula in which both the North and the South of Korea are to participate successful.

It is believed that the TRADP will be more actively accelerated in the future because the North Korean nuclear issue has been settled.

The TRADP will jointly develop the estuary basin of Tumen River, located in the border region of China and Russia, as well as North Korea's Najin and Sonbong regions, with the countries concerned under the supervision of the UNDP. Currently, South and North Korea, China, Russia, and Mongolia are member countries of the Tumen River project management committee, which

is an organization to promote the TRADP. Japan and Finland are taking part as observers.

North Korea did not participate in the fourth project management committee held in July in Moscow due to President Kim Il-song's death. The four other member countries agreed in principle to give up the master plan approach method, in which \$30 billion would have to be invested, but rather agreed to promote projects that are practical through negotiations among the participating countries.

North Korea has shown great interest in this project from the beginning in order to use the Tumen River region as a test for its opening up policy.

Another South-North Korean economic cooperation project the UNDP is promoting is the 'economic technology cooperation program of the Korean peninsula.' In June, the UNDP had proposed to South and North Korea to carry out 20 South-North economic cooperation projects in six fields—industry, environment, science, investment, social, and agriculture—with the South and North Korea, the UNDP, and a third country taking part.

The government had delayed its decision to participate in this project because of the nuclear issue. However, with the decision to withdraw the policy to link the nuclear issue with economic cooperation, it was already decided to take part in this project and is seeking concrete ways for its participation.

As soon as the South side officially announces its decision to take part in the project, the UNDP plans to hold a meeting with South and North Korea, the UNDP, and a third country.

The UNIDO's project to lure investment in North Korea: Apart from the UNDP, the UNIDO has provided a plan to invest in North Korea and is actively requesting South Korea's participation. To provide a concrete method to invest in North Korea, the UNIDO plans to hold a forum on investing in North Korea with the South and North Korea participating at the May 1995 Pyongyang meeting.

It was learned that the projects UNIDO plans to promote in North Korea are in the basic industrial field—such as the textile and leather industry and processed maritime products—and work to change the munitions industry to a nonmilitary industry.

In February 1992, North Korea had invited (Yanichi), chief of the industrial cooperation section of the UNIDO, to Pyongyang, showing interest from the start in economic cooperation through the UNIDO, such as requesting the promotion of South-North Korean cooperation projects through the UNIDO.

The ESCAP's Trans-Northeast Asia Railway [TAR] project: The ESCAP is carrying out the TAR project,

including North and South Korea. This is a huge transport railway that links China, Mongolia, the Republic of Kazakhstan, Russia, and North and South Korea.

The ESCAP assesses that North and South Korea will accelerate their economic cooperation as a result of the settlement of the North Korean nuclear issue. Accordingly, it sent relevant officials to North and South Korea on 22 November to study the feasibility of the project.

(Timo Peyep), an official in charge of land transport of the ESCAP, and another French adviser, visited Seoul on 27 November and will stay until 1 December. They will meet with relevant officials from the National Railroad Administration to discuss the feasibility of the project. Also, they will be briefed by the officials regarding the ROK railway situations.

Prior to their visit to Seoul, they had visited North Korea from 22 to 26 November and studied the North Korean railway situation, as well as its railway lines—which will be link to the TAR—based on questionnaires and reports submitted to the ESCAP.

North Korea has been lukewarm toward this project which has been carried out in earnest since 1990. However, during a meeting of the ESCAP Transport and Communication Committee held in December last year, North Korea was urged to participate in this TAR project. Following this meeting, North Korea has taken a positive attitude and, thus, is participating in the project.

In the questionnaires and reports submitted to the ESCAP in August, the government has decided on three railway lines that will be linked to the TAR: Kyongui railway between Seoul and Munsan, Kyongbu railway between Seoul and Pusan, and Honam railway between Seoul and Mokpo.

The ESCAP will hold a meeting of railway experts in Bangkok, Thailand, this year. To achieve this project, it will make a final plan in the first quarter of next year.

North-South Korean Environmental Cooperation Project: Unlike North-South economic cooperation, North and South Korea have jointly participated in the Northeast Asian environmental cooperation project led by the ESCAP.

North Korea did not participate in the first round of a meeting of its high-level working official—which was held in Seoul in February last year—regarding the Northeast Asian environmental cooperation, but it presented to the second round of the meeting which is being held in Beijing from 24 to 29 November.

During these meetings, they will discuss the selection of pivot work [sibom saop] in the three areas, such as an energy and air pollution prevention area, an ecosystem management area, and the area of the exchange of information. Because of North Korea's participation in this meeting, both North and South Korea are expected to promote their environmental cooperation in earnest in 1995.

First Contract Signed To Import DPRK Sand

SK2911051294 Seoul KYONGHYANG SINMUN in Korean 29 Nov 94 p 1

[By reporter Kim Hae-chin]

[FBIS Translated Text] North Korean sand is going to be brought to the South for the first time.

The ROK's Sopyong Construction Company, headed by President Pak Tong-kyu, which is located in Tonghae, Kangwon Province, has recently signed a contract with the city of Chongjin, North Korea, to import a total of five million tonnes of North Korean sand over the next five years through the Yanbian Marine Transportation Corporation, which is operated by a person of Korean descent in Yanbian, China. Sopyong Construction Company has pursued the importation of North Korean sand since late last year.

The "MV Galway," a 13,000-tonne Russian cargo ship affiliated with the ROK's Chogwang Marine Transportation Company, will leave Chongjin Port at 8 PM [1100 GMT] on 28 November and arrive in Tonghae Port at 1 PM [0400 GMT] on 29 November, carrying 14,000 tonnes of North Korean sand, the first batch of the planned import amount.

The import of North Korean sand attracts the business circles' attention because it has been decided at a time when people are concerned about the safety of buildings in new cities in the vicinity of the capital, such as Ilsan, Pundang, and Pyongchon, which were built with salty sea sand following the depletion of river sand sources.

President Pak Tong-kyu said: "The North Korean sand to be brought in the South is from the Susong stream in Chongjin, North Hamgyong Province, and its quality is better than South Korean river sand." He then added: "A conveyer belt fixed between the Susong stream and Chongjin Port makes shipping convenient."

Former POW Discharged From Active Service

SK2611021094 Seoul YONHAP in English 0205 GMT 26 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 26 (YONHAP)—A grand military ceremony complete with a parade on Saturday [25 November] marked the discharge from active duty of 1st Lt. Cho Chang-ho who, taken to North Korea as a prisoner of war during the Korean war, managed to escape.

The ceremony at the Military Academy in northeastern Seoul was attended by Defense Minister Yi Pyong-tae, a number of other military leaders and 6,500 officers, cadets and enlisted men.

The discharge came one day after Cho's promotion from second lieutenant. He is the only company-grade officer ever discharged with such an honor.

Cho was the last Korean war veteran active in the South Korean Armed Forces, whose "service period" of 43 years and three months is the longest among all military officers.

In a speech at the ceremony, Cho said he was able to withstand his ordeal in the North on the strength of his religious faith and the military code of conduct, "I shall not surrender."

He urged North Korean authorities to disclose the fate of many South Korean POWs who he claimed are still in the North and return them to their families in accordance with the Geneva Convention on Prisoners of War.

During the hour-long ceremony, Cho reviewed a parade by 1,750 cadets from the tri-service academies and Reserve Officers Training Course (ROTC) students of Yonsei University, his alma mater.

Seoul 'Arena' for Gathering Intelligence on North
SK2711051894 Seoul CHUNGANG ILBO in Korean 27
Nov 94 p 2

[By reporter Kim Song-chin]

[FBIS Translated Text] Since the settlement of the DPRK-U.S. nuclear negotiations, countries that want to advance into North Korea have been flocking to Seoul to gather intelligence.

These countries are strengthening their existing intelligence gathering activities through such ordinary channels as their embassies in Seoul and the Chamber of Commerce. They are also gathering intelligence in a positive manner by dispatching intelligence agents and North Korean experts to Seoul. Thus, Seoul is becoming a competitive arena for gathering intelligence on North Korea.

It was learned on 26 November that apart from intelligence gathering activities by the U.S. Embassy in the ROK, the United States has mobilized the Central Intelligence Agency and has begun to extensively and concretely investigate North Korea's basic materials. Recently, CIA agents carried out multifaceted activities to gather intelligence through the U.S. Forces in the ROK, from civilian employees in Korea, and from North Korean experts in the ROK.

A well-informed diplomatic source on North Korean affairs stated: "The CIA's investigation surpasses existing work in gathering intelligence. It has the characteristics of a close investigation of the overall situation of North Korea. Rather than gathering intelligence regarding the ordinary political situation, it emphasizes up-to-date intelligence in the economic, social, and cultural fields."

With the improvement of relations with North Korea near at hand, the CIA's investigation provides practical intelligence to U.S. businesses that are taking concrete

measures to advance into North Korea. The U.S. Embassy is also markedly strengthening its gathering of intelligence.

An expert well-versed in North Korean affairs, and who wanted to remain anonymous, revealed: "I was asked by the U.S. Embassy to cooperate in its investigation of North Korea's basic materials. Contacts by institutes affiliated to the U.S. Embassy have been strengthened unprecedentedly."

This expert added: "With North Korea's food shortage on the rise, the Australian Embassy in the ROK is strengthening its gathering of agricultural and agriculture-related intelligence. It has been revealed that recently, some national policy institutes have also requested material gathered by Australia."

In particular, this expert said: "It seems Australia has the most accurate intelligence regarding North Korea's food situation because Australian agricultural experts continuously visit North Korea."

The German Embassy and the German Chamber of Commerce in the ROK have also been strengthening the gathering of large amounts of intelligence. It has been learned that the German Embassy and the German Chamber of Commerce are always exchanging intelligence with their mission in the Swedish Embassy in Pyongyang. The European Union [EU] Chamber of Commerce in the ROK, which has frequent contacts with the German Chamber of Commerce, is strengthening the work to gather intelligence through an independent channel; frequent contacts are being made with embassies of EU member countries.

South, U.S. Agree on Peacetime Military Control
SK2911084994 Seoul YONHAP in English 0845 GMT
29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)—South Korea and the United States sign a note of exchange Wednesday completing the transfer of peacetime operational control of the Korean Armed Forces from the U.S. Forces to South Korea.

Foreign Minister Han Sung-chu and U.S. Ambassador to Seoul James T. Laney sign the note at the ministry Wednesday afternoon, and the transfer agreement goes into effect as of Dec. 1.

The note is a followup to the South Korea-U.S. Security Consultative Meeting last October in Washington where the two sides signed the agreement detailing the contents and procedures of the transfer.

The agreement, however, could not go into effect without the note which says all relevant laws have been modified to allow the control transfer.

The transfer was discussed from 1992 with a recognition that South Korea should take the initiative in defending itself.

Possible Withdrawal of U.S. From GATT Viewed
SK2911030894 Seoul TONG-A ILBO in Korean 29 Nov 94 p 11

[FBIS Translated Text] It seems that the United States will begin to take steps to withdraw from the GATT in early December, despite its major trade partners. This is expected to bring a big stir.

According to a 28 November report by a Washington-based trade official of the Korea Trade Promotion Corporation, Chris Palin, assistant representative in charge of North America of the U.S. Trade Representative, stated the United States will start to go through due formalities to withdraw from the GATT in early December as soon as the Uruguay Round Bill is passed, so that its formal withdrawal from the GATT can be done by early or mid-February.

Regarding this, insisting that the U.S. withdrawal from the GATT is against its duties under the current procedures for settling conflicts, major U.S. trade partners demand that the United States take transitional measures to settle existing trade conflicts before it withdraws from the GATT. As the World Trade Organization's [WTO] antidumping treaty and treaty on subsidies specify that conflicts that occurred prior to the implementation of the WTO cannot be discussed in the WTO again, it would be impossible to settle existing conflicts if the United States withdraws from the GATT.

KFTA Chairman on U.S.-Seoul Trade Issues
SK2611010594 Seoul THE KOREA TIMES in English 26 Nov 94 p 16

[By staff reporter Chae Hui-muk]

[FBIS Transcribed Text] The United States has to deal with trade issues with Korea on a multilateral basis rather than bilaterally, Ku Pyong-hoe, chairman of the Korea Foreign Trade Association (KFTA), said yesterday.

"The U.S. Congress is moving to sustain or strengthen foreign trade-related regulations to solve trade issues by bilateral bargaining despite the planned inauguration of the World Trade Organization (WTO) now in the making for freer trade," Ku said.

In a press conference on the occasion of the 31st Trade Day falling Nov. 30, Ku said that there are three main currents directed against Korea in terms of trade issues in the U.S. congress dominated by the Republicans next year.

"First, U.S. lawmakers intend to retain Article 301 of the U.S. Trade Act in return for ratification of the WTO system for their national interest," Ku told reporters.

"Congressmen also intend to sustain or strengthen the anti-dumping regulations for similar purposes. Another

move in the Congress is to classify Korea as a 'developed' economy rather than the 'developing' one," he said.

He emphasized that all the trade issues have to be handled in accordance with the new rules under the WTO.

Ku noted the United States believes that Korea has pursued unfair trade practices a lot. But he said, "Some of the U.S. contentions are right but it is unreasonable for the United States to want to solve all issues in power."

Touching on the decision of the U.S. Trade Representative to launch an investigation of unfair trade practices by the Korean meat industry, the 68-year-old chairman said, "We are not engaged in the dispute as the issue contains more difficult technical matters than normal trade problems."

But, he noted, the KFTA is studying the problem and how it should be solved.

Ku, concurrently chairman of the Lucky-Goldstar International Corp., the trading arm of the Lucky-Goldstar Group, is very gloomy about next year's trade account.

Ku said that Korea's trade deficit will grow from the \$6 billion estimated for this year to \$8 billion next year due to faster growth of imports.

Exports will grow 11.7 percent to \$105 billion and imports will increase 13 percent to \$113 billion, Ku explained.

He urged the government to deregulate bravely so that manufacturing firms can import cheap production materials and facilities.

Ku only mentioned KFTA's attitude to inter-Korean economic exchanges, including investment in the North, in the textbook manner.

"KFTA is ready to open an office in the North if the government allows us to do so. Our body has the obligation to disseminate information about North Korea's trade and investment environment to smaller members who can't easily get access to it," he said.

But the KFTA is keeping abreast with the government's stance on inter-Korean economic exchanges, he noted.

Russian Relationship With Northeast Asia Viewed

SK2911010994 Seoul YONHAP in English 0051 GMT 29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)—Vice Foreign Minister Pak Kon-u urged Northeast Asian nations Tuesday to help engage Russia in the regional order, calling it one of the key tasks to ensure future prosperity.

He placed emphasis on ongoing projects to develop the Tuman River basin and growing interest in environmental projects, saying they will contribute decisively to regional cooperation.

"...Russia's relationship with Northeast Asia deserves close scrutiny," Pak said at an international conference on the region. "It is... in our own interest to reciprocate Russia's eagerness by involving this country in the multilateral cooperative efforts of the region."

Scholars and ranking government officials from neighboring countries were gathered for the "international conference on economic cooperation in Northeast Asia," hosted by Yonsei University's Institute of East-West Studies.

He named North Korea's involvement as another key task for the region.

"In the past, Pyongyang has been out of step with the regional and global order. Hence, North Korea has made numerous faux pas," said the vice foreign minister. "If North Korea agrees to ebb and flow with the current economic tide, this region will certainly become much safer."

He pointed to a multilateral security dialogue as "the loom by which the fabric of economic cooperation can be woven."

Pak pinpointed the ongoing Tuman River basin development program and inter-governmental mechanisms to protect the environment as positive signs.

"Success comes in bits and pieces," said Pak, and these projects will be "very useful for promoting the habit of multilateral cooperation in this region."

Exports to 'Chinese Economic Area' Reported

SK2611024094 Seoul YONHAP in English 0234 GMT
26 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 26 (YONHAP)—The Chinese economic region comprising China, Taiwan, Hong Kong and Singapore is expected to become the biggest export market for South Korean merchandise this year, the Trade, Industry and Energy Ministry said Saturday [26 November].

Exports to these countries reached 16,950 million U.S. dollars between January and October this year, claiming 22.2 percent of total South Korean exports in the cited period.

Exports to the United States amounted to 16,510 million dollars or 21.6 percent of the country's total exports during the period, second behind the Chinese economic area.

The U.S. market was the largest last year, importing 18,140 million dollars worth of South Korean goods, but

the rapid increase in exports to Taiwan and Hong Kong is likely to catapult the Chinese economic area into the top position this year.

The ministry expected that the four Chinese countries will remain South Korea's No. 1 export market because they have great potential for economic growth as well as good geographic conditions for South Korean exports.

Meanwhile, exports to the Association of Southeast Asian Nations (ASEAN) and to the European Union recorded 9,170 million dollars and 8,260 million dollars, respectively, in the first 10 months of this year.

The ASEAN and EU markets are expected to absorb more than 10 billion dollars in South Korean exports this year, ministry officials said.

Kim Tae-chung's Political Strategies Analyzed

SK2811083894 Seoul YONHAP in English 0709 GMT
28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—As factional bickering in the opposition Democratic Party (DP) intensifies over the struggle to indict "the Dec. 12 Army mutineers," the actions of Kim Tae-chung are attracting keen attention in the political arena.

Immediately after DP Chairman Yi Ki-taek resigned his parliamentary seat to step up the struggle, Asia-Pacific Peace Foundation Chairman Kim told his followers in the DP to unite under Yi's leadership. His call to arms is being taken as a behind-the-scenes move to settle the DP's internal strife.

Although he retired from politics after his painful defeat in the 1992 presidential race, Kim—still called "the opposition camp's godfather"—continues to generate interest in both the government and opposition camps whenever he makes a speech or a trip.

This being the case, Kim's recent "instructions" to his DP followers, coupled with his off-and-on "intervention" in the party's internal affairs, have given rise to much speculation about his future course of action.

Such speculation ranges from a theory on a political comeback to one that he must be meddling in DP affairs to ensure that his foundation-sponsored Asia-Pacific democratic leaders' conference on Dec. 1-2 is a great success.

But underlying all the talk is an agreement that his movements these days are different from those of the past. He has avoided giving the impression of political meddling, while saying repeatedly that he is busy studying Korean unification and Asian democracies.

Especially after his followers drifted away from Chairman Yi over the latter's handling of the Dec. 12 incident, Kim has apparently decided to ignore the attention the political circles are lavishing on him—unlike before, analysts say.

When the Dec. 12 incident became a major political issue, Kim suggested in an interview with a weekly magazine that the DP should launch a two-pronged struggle—parliamentary and extra-parliamentary—to demand the indictment of former Presidents Chon Tu-hwan and No Tae-u and others involved in "the coup d'état-like Army incident" in December 1979.

When this suggestion caused political ripples within the DP, Kim took the time to explain his remarks twice lest Yi misunderstand his true intentions.

And when Yi gave up his National Assembly seat, Kim told his followers to work to resolve the resulting problems because he sees the present government-opposition row as "a political crisis," analysts opine.

All his actions and remarks these days are seen by many as "political activities."

But others say he cannot be a mere onlooker to the DP's troubles, which would lead to a split in the worst case, because it is the party he founded and led.

Still others believe that with his well-prepared international event drawing Asian and Pacific democratic leaders here less than a week away, he does not want the country's politics descending into further turmoil.

Kim recently met with DP supreme councilors to ask for their cooperation in this international event.

The prevailing view in the political circles, however, is that Kim's activities these days should be taken as an initial step toward launching a formal political comeback.

As nearly two years have passed since his retirement from politics, the time has come for him to grope for an opportunity to return.

Mentioned in this context is a campaign by the Internal and External Affairs Study Society, a fraternity of Kim Tae-chung's followers in the DP, to increase its membership in the party. It has already admitted supreme councilor Yu Chun-sang and adviser Chong Tae-chol and is reportedly moving to win over supreme councilor Kim Won-ki and Rep. Yi Chol.

According to this view, Kim has kicked off a movement to revise the old "Kim Yong-sam vs. Kim Tae-chung system" in the country's politics.

With President Kim beset by the Songsu Bridge's collapse, the disclosure of one tax scam after another involving civil servants and the opposition party's struggle to indict the Dec. 12, 1979 Army "rebels," Kim Tae-chung is extending a helping hand to the president.

Sources close to the DP say Chairman Kim's official invitation to the president to speak at the coming Asia-Pacific democratic leaders' meeting should be seen in

this context, adding that the chairman must think that a meeting with the president would give him an opportunity to re-enter politics.

But officials of the Asia-Pacific Peace Foundation say there is no change in Chairman Kim's stance on staying aloof from politics.

"Chairman Kim invited President Kim to the meeting simply because the latter has devoted himself to the country's democratic movement and there is no other reason," one official said.

After the Asia-Pacific democratic leaders' meeting, Chairman Kim will invite 1,500 to 2,000 well-known figures to a banquet in the 63 Building on the evening of Dec. 19, the second anniversary of his retirement from politics, to raise funds for his foundation.

He is expected to raise a handsome amount because former government leaders, including ex-Prime Minister Sin Hyon-hwak, are reportedly being invited to join the foundation as supporters.

DP Chairman Said Seeking Return to Parliament
*SK2811053594 Seoul YONHAP in English 0520 GMT
28 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—Opposition Democratic Party (DP) Chairman Yi Ki-taek appears to be eyeing a return to the National Assembly by proposing a bipartisan floor meeting to negotiate the Dec. 12, 1979 military incident.

Yi's proposal on Monday [28 November] morning is being taken as a sign that his party is willing to negotiate with the ruling Democratic Liberal Party (DLP) over the issue of the "military rebellion."

The opposition party had asked for a summit between President Kim Yong-sam and DP Chairman Yi, but was rebuffed by the ruling party which said the issue cannot be the subject of political negotiation.

DP Chairman Yi, who resigned his parliamentary seat last Friday, has multiple purposes behind the proposal.

First, he intends to block the DLP's unilateral operation of the National Assembly.

Second, he can steer his party's future course according to his own will if the ruling party rejects the proposal.

The DP has been boycotting the incumbent parliamentary session for nearly one month, demanding the prosecution of ex-presidents Chon Tu-hwan and No Tae-u and other "masterminds" allegedly involved in the "coup d'état-like" incident.

The third reason is that he is diverting the party's internal feud to the parliamentary arena in an apparent bid to consolidate his leadership.

His leadership was undeniably damaged when he was attacked from both sides by the DLP and his own party over the means of his struggle outside the National Assembly.

The DP's largest faction, Tongkyo-tong comprising followers of opposition godfather Kim Tae-chung, even scolded Yi for being too haughty toward Kim's advice to return to the National Assembly to resolve major state issues.

Despite the internal feud, the major DP factions participated in a Yi-led outdoor rally in Taejon city last weekend. Most DP members were not scheduled to attend the rally over their dissatisfaction with Yi's methods.

Encouraged by the peace gesture by the Tongkyo-tong faction, Yi is now seeking to change his hard-line struggle and seems determined to tackle major state issues at the National Assembly, not in the streets as has been the case in the past.

Kim Tae-chung's advice to return to the parliament constituted a helping hand to Yi and was designed to prevent a possible political crisis.

Yi has apparently overcome his leadership crisis for the time being, but seeds of discord will remain with the Tongkyo-dong faction unless the enmity between it and Yi is cleared up completely.

Reaction to Yi Ki-taek's Assembly Resignation

SK2611093594

[FBIS Editorial Report] Local vernacular dailies on 26 November carry editorials on Democratic Party (DP) leader Yi Ki-taek's resignation from the National Assembly seat in protest over the government's decision not to indict two former presidents—Chon Tu-hwan and No Tae-u—for masterminding the coup d'etat-like incident of 12 December 1979.

The conservative CHOSON ILBO carries on page 3, an 800-word editorial entitled, "DP Leader Yi's Gamble." The editorial starts off by noting that the DP leader Yi Ki-taek's sudden resignation from the National Assembly seat is a "complicated issue." It goes on to say that even though Yi Ki-taek is the party leader, the party's de facto leader is Kim Tae-chung, chairman of the Board of Directors of the Asia-Pacific Foundation, which makes Yi Ki-taek a proxy of the party. The editorial continues to say that Yi Ki-taek's resignation is part of a "political challenge" to get out of Kim Tae-chung's shadow. The editorial concludes by saying that interest is now focused on how the ruling Democratic Liberal Party will react to this matter and on how the situation at the National Assembly will develop.

The moderate HANGUK ILBO carries on page 3, an 800-word editorial entitled, "DP Leader Yi's Resignation from the National Assembly Seat." The editorial

finds the current political situation deplorable considering the difficulties the country now faces. The editorial then says it is very difficult to understand the strong measures of the DP leader at a time when there are many important political issues to be resolved by the National Assembly. The editorial concludes by urging the opposition party to return to the National Assembly to resolve the pending issues as soon as possible.

The pro-government SEOUL SINMUN carries on page 3, an 800-word editorial entitled, "The People Want Normalization of the Political Situation." The editorial begins to criticize Yi Ki-taek for making irresponsible remarks considered inadequate in his position of political leadership, on his resignation from the National Assembly. It continues to say that such action at a time when there are many pending issues that need to be resolved, is a great stumbling block in uniting national strength for globalization. It concludes by saying that Yi Ki-taek must move toward normalizing the National Assembly and the political situation.

The moderate TONG-A ILBO carries on page 3, an 800-word editorial entitled, "DP Leader Yi's Behavior Is Thoughtless." The editorial criticizes Yi Ki-taek for his thoughtless behavior of saying that he will resign his National Assembly seat and for calling for the dissolution of the National Assembly. It continues to explain why Yi Ki-taek's behavior is thoughtless, saying that it may ultimately drive the DP into confusion and result in a crisis in the constitutional government. It concludes by saying that Yi Ki-taek's behavior is very irresponsible and urges him to be rational.

The moderate KYONGHYANG SINMUN carries on page 3, an 800-word editorial entitled, "DP Leader Yi Ki-taek's Walk." The editorial explains that Yi Ki-taek's decision to resign from the National Assembly seat and his call for the dissolution of the National Assembly will bring confusion to the present political situation. It continues to say that the ruling and opposition parties must cooperate with each other to overcome this difficult situation. It concludes by urging Yi Ki-taek to deal with the ruling party with caution and to exercise patience in negotiations with them on this issue.

The left-leaning HANGYORE SINMUN carries on page 3, an 800-word editorial entitled, "DP Leader Yi Ki-taek's Resignation from the National Assembly Seat." The editorial expresses surprise over Yi Ki-taek's resignation from the National Assembly seat, saying it is in part to struggle against the 12 December incident and in part to overcome the dispute within the party. It also criticizes the ruling party for taking an idle attitude regarding this matter. It calls for the ruling party to take on a more sophisticated and democratic, compromising attitude in dealing with this matter.

Opposition Decides To Wage 'Outdoor Struggles'

SK2811121394 Seoul YONHAP in English 1143 GMT
28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—The opposition Democratic Party on Monday afternoon

decided to stage outdoor struggles to press for the indictment of those involved in the Dec. 12 military rebellion until Dec. 12 when the prescription period for criminal action against them expires.

The party decided that if the prosecution's decision to suspend the indictment of the "military rebels" were not retracted by that time, it would return to the National Assembly for both floor and outdoor struggles thereafter.

The decision was made at a party supreme members meeting held at the party's Mapo office under the chair of party head Yi Ki-tae.

Under the decision the party would urge the ruling Democratic Liberal Party [DLP] to stop running the assembly by itself.

"If the DLP, nevertheless, tries to deal with major bills on its own, party head Yi would make a decision on it," said party spokesman Pak Chi-won.

Asked what decision he would make in that case, Pak said it means Yi has been given a free hand to decide on the party's return to the assembly even before the deadline of Dec. 12.

This means the opposition party would indulge in outdoor struggles by Dec. 12 and may still return to the assembly even before the deadline if the assembly situation so warrants.

National Assembly Convenes; Opposition Boycotts
SK2911051694 Seoul YONHAP in English 0457 GMT
29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)—The National Assembly convened the special budget-settlement committee Tuesday to start deliberating next year's budget bill and to examine the administration's settlement of accounts for fiscal 1993.

The assembly also convoked four standing committees—foreign-national unification, home affairs, agriculture-fisheries, and transportation—to deliberate legislative bills.

The committee sessions were attended by ruling Democratic Liberal Party [DLP] members along with some independent lawmakers, while the main opposition Democratic Party continued its boycott.

Prime Minister Yi Yong-tok and Finance Minister Pak Chae-yun appeared before the budget-settlement committee to report on the government's settlement of accounts and the expenditure of reserve funds for last year.

During a question-and-answer session, Rep. Son Hak-kyu of the DLP pointed out the government's report on 1993 settlement of accounts was lacking in assessing achievements on major projects.

He also questioned the government's management of the budget while criticizing the repetitive carry-over of newly invested projects without sufficient financial resources.

Rep. Pak Chong-ung of the DLP asked the government to provide details of long- and short-term measures to eradicate corruption among tax officials. He was referring to massive tax revenue scams by officials in Inchon and Puchon cities.

Pak suggested the national tax administration be expanded to undertake consolidated management of national and local taxes to prevent any recurrence of irregularities involving local tax, which is currently administered by the Home Ministry.

Meanwhile, the National Assembly will introduce a World Trade Organization (WTO) motion before the foreign-unification committee on Dec. 1 for deliberation and ratification next week.

Tong-A Officially Offers To Donate Bridge

SK2811063294 Seoul YONHAP in English 0605 GMT
28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—Tong-A Construction Industrial Co. officially offered Monday [28 November] to rebuild the Songsu Bridge over the Han River and donate it to Seoul city, taking moral responsibility for its collapse last month.

Tong-A Chairman Choe Won-sok called on Seoul Mayor Choe Pyong-yol early Monday morning at City Hall to express his company's willingness to donate the bridge to the city.

Mayor Choe, however, said that "rebuilding the Songsu Bridge and donating it (to Seoul city) is one thing and taking legal responsibility for the mishap is another."

The mayor added, "Rebuilding and donating the Songsu Bridge cannot reduce legal responsibility."

"City officials are unable to come up with measures to rebuild the bridge because the prosecution's investigation of the case is under way," Choe said. "I cannot say at the moment whether we can accept the offer because we have yet to draw up a complete plan for the rehabilitation of the Songsu Bridge."

Minister Denies Concealing Puchon Tax Scandal

SK2811045994 Seoul YONHAP in English 0453 GMT
28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—Home Minister Choe Hyong-u on Monday [28 November] denied allegations that he attempted to cover up the Puchon city tax scandal.

"With regard to the tax scam, I received reports on the initiation of an investigation by the Board of Audit and Inspection (BAI) and the extension of the inspection

period. Of the details of the scandal such as the scale of embezzlement, however, I was informed on Nov. 21 when the BAI inspection was concluded," he said in a press conference.

"I have no intention to conceal the Puchon city tax scam, nor is it necessary. Had I concealed or scaled down the tax irregularities, it might have been a problem. But I don't think it itself would be a problem when, and whether, I received reports of certain contents."

The home minister apologized for his "failure to prevent in advance intricate acts of crime on the part of some public officials and uncover the scam by ourselves."

On the prospect of resigning, he said, "I'll take responsibility if that's something I should do after the prosecution investigation of the Puchon city tax scam has been concluded as well as the administration's nationwide joint inspection of city, county and ward tax administration."

The main opposition Democratic Party has demanded that Choe step down, assuming responsibility for his alleged attempt to cover up the Puchon city tax scandal.

The Home Ministry, meanwhile, admitted that it had received nine reports from the Kyonggi provincial administration regarding the BAI inspection of the tax scam, and that one report dated Oct. 19 claimed that over 50 cases of fabricated registration tax receipts were discovered involving a total of 150 million won. "Since then, the ministry had no alternative but to wait for the outcome of the BAI inspection as the inspection was underway and as no full picture of the inspection could be obtained," the ministry said.

It was only on Nov. 18, one day before the BAI inspection ended, that the Home Ministry learned the specifics of the probe, it said.

The ministry received the final report on the case from the Kyonggi Provincial Government on Nov. 21, stating that the misappropriated registration tax revenues totaled 2.1 billion won involving 504 irregularities.

President Kim's Remarks Placed in Time Capsule

SK291110094 Seoul YONHAP in English 1007 GMT
29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)—President Kim Yong-sam on Tuesday wished that Seoul will become the center of human civilization and prosperity in the future and the nation's prosperity will be perpetuated.

The wish was part of his message contained, together with other items, in the time capsule buried by the Seoul municipality in observance of the sexcentenary of Seoul's becoming of the nation's capital city.

Kim said in the message the Republic of Korea is a proud country that has astonished the world in terms of

political and economic achievements in mere 46 years since it was founded as a democratic republic.

"Though unification has yet to be achieved, we have the confidence that it will be attained before long on the strength of freedom and prosperity of the Republic of Korea," the president said.

The time capsule is set to be opened four hundred years later this day when capital city would celebrate its millenary.

Trade Deficit, Inflationary Pressure Viewed

SK2711021094 Seoul THE KOREA HERALD in English 27 Nov 94 pp 8, 10

[FBIS Transcribed Text] With Korea's economy running at full throttle this year, two problems have weighed heavy on the government's economists—a yawning trade deficit and persistent inflationary pressure.

The truth, however, is that the trade gap was not the result of poor overseas shipment but rather the steep rise in imports for re-export use and facility investments, government officials say.

The resultant shortfall in the current account—which records trade in goods and services as well as certain transfer payments such as remittances—will pose little threat as long as it remains within 1 percent of the gross national product (GNP), the officials say.

Thanks [to] all-out governmental efforts, the consumer price is also expected to fall short of hitting the annual target.

The hardest part, however, has yet to come, for which both the government and private sector should be fully prepared, as viewed by a local analyst.

"The nation's currency, which had been on the decline in value against major foreign currencies, mostly the U.S. dollar, for the past five years, is expected to reverse to an upward trend beginning from the end of this year," said Kim Chun-kyong, a researcher at the Korea Development Institute (KDI).

Kim made these and other points while attending the Open Forum, a weekly economic debate among economists, government officials and journalists, at the Economic Planning Board Friday [25 November].

He cited three reasons for the Korean won's appreciation—the need to curb inflationary pressure stemming from a booming economy, the influx of foreign money to cash in on a wider open stock market and the Japanese yen turning to weakness.

The exchange rate that actually affects the nation's export competitiveness, Kim said, is not a "bilateral nominal exchange rate" but a "real effective exchange rate," or inflation-adjusted, multilateral exchange rate.

Bilateral nominal rates are bilateral in the sense that they are exchange rates for one currency against another, and they are nominal because they specify the exchange rate in nominal terms, in as many won per dollar, he explained.

Real (effective) exchange rates, on the other hand, measures a country's competitiveness in international trade, Kim said. It is given by the ratio of prices of goods abroad, measured in dollars, relative to goods here. A rise in real exchange rate, or "real depreciation," means that foreign prices have increased relative to the prices of goods at home.

This means, with other things equal, that people are likely [to] switch to goods at home, which in turn implies an increase in the competitiveness of Korean goods, he said.

The economist at the government-financed think tank said that if the real exchange rate index of 1985-86 is 100 when the nation struc^t, balance in its trade account, the current real exchange rate is being depreciated by 8.7 percent.

"The nominal exchange rate had since been depreciated until it turned to an upward trend this year but the real exchange rate of this year has remained unchanged from last year's level, largely because of the Japanese yen's strength against the dollar, to which the Korean currency is tightly pegged," Kim said.

If the country appreciates its monetary unit by 5 percent, it would cause the pulling down of consumer prices by 1.2 percent in the first year and an additional 1.5 percent the following year, while increasing its current account deficit by \$2.5 billion in two years, he estimated.

To prevent excessive appreciation of the Korean won and stem the inflationary pressure, the KDI economist suggested that the government allow a bold outflow of capital, such as by increasing direct investments abroad and relaxing its foreign exchange concentration system.

"This, as a matter of fact, will work only so far as the local exporters maintain their shipment growth at a certain level and therefore keep the current account deficit from widening too much," he said.

Another policy task is sound fiscal management on the part of the government, he said.

"The central bank will no longer be able to resort to traditional methods of issuing monetary bonds to soak off excess liquidity amid abundant foreign fund here," he said.

To secure sufficient fund for market intervention, it should save nonessential expenditures, renovate the tax administration, expand the tax revenue base and privatize corporations held or owned by the government more boldly, Kim said.

Association: Container Cargo Increased in 1994

SK2711020094 Seoul THE KOREA HERALD in English 27 Nov 94 p 8

[FBIS Transcribed Text] Container cargo to and from the country amounted to 1.86 million TEUs (20-foot equivalent units) in the first eight months of the year, up 15.4 percent from the same 1993 period, the Korea Shipowners' Association (KSA) said yesterday.

Export container volume stood at 1.43 million TEUs in the cited period, representing a rise of 14.3 percent from a year ago.

Import container cargo increased 16.9 percent from a year before to 815,635 TEUs, according to the KSA.

By route, container cargo to and from Southeast Asian countries reached 653,301 TEUs, up 24.7 percent from the corresponding period of 1993.

Container volume to and from North America edged up 3 percent to 499,122 TEUs.

The container cargo increase rate was 19.9 percent to 244,800 TEUs for Japan, 16.5 percent to 233,691 TEUs for Europe, 13.2 percent to 116,338 TEUs for the Middle East, 27.7 percent to 54,978 TEUs for South America, 9.1 percent to 47,458 TEUs for Australia and 11.9 percent to 17,548 TEUs for Africa, the KSA said.

Of the total container volume, Korean-flag container vessels handled 826,651 TEUs during the January-August period, up 19.5 percent over 1993. The average container carrying rate to a maximum capacity of the national-flag carriers stood at 44.4 percent during the cited period, up 1.5 percentage points from a year ago, according to the KSA.

Move To Tighten Monetary Control, Supply Noted

SK2811003794 Seoul THE KOREA TIMES in English 28 Nov 94 p 9

[By staff reporter Cho Chae-hyon]

[FBIS Transcribed Text] The Ministry of Finance [MOF] and the Bank of Korea [BOK] are moving to further tighten monetary control and curb the sharp rise in money supply stemming from individuals' overheated stock investment, centered on the public offering of Industrial Bank of Korea (IBK) shares and the auction of Korea Telecom shares.

In addition to the 1.4 trillion won used to bid in the auction of Korea Telecom shares early this month, more than two trillion won, most of which financial experts call short-term speculative money, also dashed to the public offering of IBK shares over the 10 days to Nov. 26, sending money growth rate and interest rates in the money market up sharply.

The money market is experiencing an unusual coexistence of ample liquidity and high interest rates. Market experts predict that the instability in the money market will persist through December due to the central bank's tight rein on money supply.

The public offering of IBK shares attracted a far-greater-than-expected 2,142.4 billion won, bringing the competition ratio to 13.5:1. The figure represents about 1.6 percent of the nation's total money supply.

On Nov. 20, the money supply growth, as measured by the M2 indicator, hit 16.4 percent, way over the central bank's target of 14 percent.

As money growth showed no signs of abating, the central bank came up with measures to force banks to offset their lending of about 500 billion won with deposits made by clients.

A central bank official said the BOK will ask banks to offset loans made to companies with deposits of about 50 billion won per bank this week.

According to him, the offsetting of loans with deposits will have the effect of reducing the money growth rate by about 0.4 of a percentage point.

In addition, the financial authorities are likely to issue more monetary stabilization bonds (MSB) in order to siphon off excess liquidity in the market.

The central bank's outstanding repurchase agreements (RPs), through which the BOK controls money supply by selling and buying state-bonds to and from banks, amount to 3.5 trillion won.

It is expected that the MOF and BOK will allot about one trillion won worth of MSBs to banks and nonbanks including the IBK this week.

The central bank has almost given up on its goal of meeting its money growth target of 14 percent range hitting these two unexpected snags—the auction of Korea Telecom shares and public offering of IBK shares.

Making matters worse for the central bank is the expected rise in foreign capital inflow next month, which will add more pressure on money supply.

The central bank believes about one trillion won will flood in December when the foreign ownership ceiling on Korean stocks is expanded from 10 to 12 percent.

Despite the rising money supply, banks are complaining that they are short of funds. And market interest rates are the highest this year. The yields of three-year corporate bonds reached 13.95 percent Saturday, a record high for the year.

Financial analysts say the surge in market interest rates and money growth caused by sales of the two government-invested firms' shares show how vulnerable Korea's financial market is to outside shock.

A central bank official said there are fears whether the Korean financial market will be able to absorb the impact the foreign money inflow will have on it, given its inefficiency in absorbing outside shock, as shown in the money market's upsetting by the sales of shares of the two firms.

The central bank's plan to meet its money target this year is likely to be foiled, which will result in inflationary pressure next year.

Furthermore, interest rates in the money market will continue to remain at a high level as long as the central bank keeps its grip tight on money supply.

Banks, which have extended as much as 640 billion won to households since the beginning of the year, will continue to suffer from tight money supply and in turn refrain from extending loans to the private sector in December, a month in which fund demand is usually high.

In addition, banks' fund situations will further be aggravated by the maturing certificates of deposit (CDs) worth 756 billion won next month.

Seoul Promotes Biotechnology Industry's Growth

SK2911021194 Seoul THE KOREA HERALD in English 29 Nov 94 p 8

[FBIS Transcribed Text] The government has come up with a promotion package for the biotechnology industry which is one of the most rapidly growing industries of today.

The package is aimed at laying the ground upon which the fledgling domestic bio-tech industry can grow into a thriving high-tech industry.

According to officials of the Ministry of Trade, Industry and Energy (MOTIE), the growth potential of the industry is immense.

The bio-tech industry refers to a cluster of industries which commercially produce various materials useful for mankind through manipulation of living organisms.

It encompasses such industries as chemicals, environmental protection, medicine, energy and resources, and foods.

"The industry is knowledge- and technology-intensive and as the gap between Korea and advanced countries is relatively small, we can catch up if we foster it intensively," a MOTIE official said.

According to a MOTIE analysis, the world biotechnology industry is expected to grow 22.1 percent a year between 1994 and 2005, the highest growth rate among the exiting leading-edge industries.

The domestic market for the industry is expected to grow at an even higher rate of 30 percent a year, reaching around \$4 billion in 2000, about 20 times more than the \$210 million in 1993.

Despite this high growth potential of the industry, domestic investments into research and development and commercialization have been far from satisfactory.

This underinvestment, according to MOTIE officials, has largely to do with the high risks accompanying commitment to leading-edge industrial sectors and the lack of infrastructure.

In 1992, Korea's R&D investment in this field was about \$35.8 million, less than 1 percent of the \$3.76 billion of the United States.

As a result, the domestic industry has failed to secure international competitiveness. To cope with this situation, the ministry intends to create a system which can promote development of new materials.

In the first place, it plans to encourage development of application technology that can turn basic technologies into viable commercial projects.

The ministry will focus on development of the technologies to separate and purify cells, proteins and enzymes; those to stabilize them against heat or other external environment; the biomaterial modification technologies; those related to measure the vitality of microorganisms and their evaluation; and massive cultivation of animal cells.

A total of 600 billion won (about \$750 million) will be poured into the R&D of these technologies from next year, according to the ministry's plan.

In addition, to systematically support private R&D efforts, the ministry will create a new department in charge of the industry.

At the same time, it will set up a safety and effectiveness evaluation center near Seoul between 1996 and 2000. According to ministry officials, because of a lack of such a testing institute, domestic firms which develop new materials or new products now have to rely on foreign testing centers, wasting time and money.

To raise the international recognition of the safety of domestically developed new materials, they said, it is essential to improve safety testing standards.

At the testing center, the ministry plans to build a pilot plant which can be used to develop the optimum processes for commercialization of newly developed materials or products.

The plant will be equipped with a fermentation facility which can ferment materials using plant, animal and microorganism cells; a purification facility; and others needed to develop the biological processes.

The cost for building the testing center and the pilot plant will amount to 280 billion won (about \$350 million), according to the ministry's estimate.

The ministry will also provide R&D facilities to universities to build a network of technology development linking the industry and the academia.

These universities are supposed to shoot common technological problems facing private firms and offer programs for the retraining of their engineers.

These and other support measures are hoped to create an industrial base for the bio-tech industry by the year 2000. By then, the ministry expects domestic firms to be able to mass produce new products.

Seoul Announces New Employment Insurance Act

SK2611014394 Seoul *THE KOREA HERALD* in English 26 Nov 94 p 9

[FBIS Transcribed Text] From July 1996, the unemployed in Korea will be able to receive unemployment allowances, equal to half of their previous salaries for up to seven months.

Not all people out of work will enjoy the benefits from the nation's first unemployment insurance, though. And workers of smaller companies will have to wait for two and a half years from then.

To go on the dole, the workers should subscribe for the unemployment insurance for at least one year and the unemployment should not occur through their own fault but by lay-offs or through companies going bankrupt. This means that uninsured workers and those who resign are out of the question.

The government's set of administrative decrees for the Employment Insurance Act, announced yesterday, calls for applying the dole system only to companies hiring 30 persons or more, from July 1995. It will expand the application to include those employing 10 to 29 workers from January 1998.

A government official said that the size of businesses to introduce the system and the timing are a compromise between the nation's small businesses and labor unions.

"The small businesses maintained that the system start with firms hiring 150 workers or more, while the labor leaders called for its immediate implementation by all companies," said Chong Pu-kyun, director of the manpower division of the Economic Planning Board (EPB), a coordinating agency.

Aside from paying jobless allowances, Korea's employment (not unemployment) insurance system has two other tasks—stabilizing the job market and vocational training, according to the law. "Our system is modeled after the German and Japanese system, which places emphasis on not only allowance payment but also on improving the overall employment situation," Chong said.

To differentiate among firms of different scales, the two other payments to be made will be enforced on firms

with 70 employees or more from next July; and those with 50 or more, from 1998, according to the decree. That means firms hiring less than 50 persons will be free from the financial burden.

The premium rates, to be shouldered by workers and the management, have also been differentiated.

The workers' burden has been set at a uniform 0.3 percent of wages (3,000 won for a monthly salary of 1 million won). For the management, the portion for the jobless allowances is also a uniform 0.3 percent regardless of corporate size, and the rate for job stability is a uniform 0.3 percent, according to the decree.

The corporate defrayment for vocational training, however, varies according to corporate scale. Firms hiring less than 150 persons will chip in 0.1 percent; those employing between 150 and 300, 0.3 percent; those hiring less than 1,000, 0.5 percent; and those hiring more than 1,000, 0.9 percent.

All told, the management's burden will vary from 0.3 percent to 1.4 percent according to size, the decree stipulates.

From 1995, about 75 percent of all businesses in Korea will have the system applied and by 1998, the rate will go up to nearly 94 percent, Chong, the EPB official said. Actual payment of dole will occur one year later.

The premium rate to be paid by small business owners will remain at 0.3 percent for 70-worker firms until 1997 and 0.3 percent for 50-people companies after 1998, he said.

"With the introduction of the employment insurance, the nation will have all of the four social security systems of industrial countries," Chong said. The other three are industrial accident compensation insurance, medical insurance and a national pension.

Kim Yong-sam Meets World Cup Bidding Committee

*SK2611071294 Seoul YONHAP in English 0653 GMT
26 Nov 94*

[FBIS Transcribed Text] Seoul, Nov. 26 (YONHAP)—South Korean President Kim Yong-sam hosted a luncheon at Chongwadae [presidential offices] Saturday [26 November] for 31 members of the 2002 World Cup Bidding Committee, including Chairman Ku Pyong-hoe, asking them to do their utmost to host the games.

"World Cup is not just a sport event, but a big function which enhances national pride and influences on international politics and economy," said the chief executive. Kim stressed the Bidding Preparation Committee should achieve its goal, Presidential Spokesman Chu Ton-sik said.

Kim stated he is sure South Korea will be able to introduce the 2002 World Cup if it does its best, while recalling, "Even a day before the Asia-Pacific Economic Cooperation (APEC) summit, we had no idea that South Korea was classified as newly industrialized nation which has an obligation to open its domestic market by the year 2010 but later we could be out of such grouping by persuading participating heads of state."

The committee members said that football boom is key to the bidding.

Burma

Monk Mediator on Efforts To Free Suu Kyi
*OW2911121994 Tokyo KYODO in English 1154 GMT
29 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—A Buddhist monk who played a key role in getting Myanmar's [Burma's] military rulers to engage in dialogue with democracy leader Aung San Suu Kyi said Tuesday [29 November] the conditions for her release from house arrest are in place.

Rev. Rewata Dhamma, who met the two parties separately in Myanmar earlier this year, told a press conference in Tokyo that the two sides appear to be working on an agreement under which Suu Kyi will remain in Myanmar after she is freed. He said he cannot predict when the country's military government will free her, but added that they are negotiating the terms of her release through a series of meetings which he predicted will continue.

Rewata Dhamma, who is in Japan to raise money for construction of a Buddhist temple in Britain, said he is not a party to the talks between Suu Kyi and the leadership of Myanmar's governing State Law and Order Restoration Council (SLORC). Asked for his main impression of Suu Kyi, Rewata Dhamma said the 1991 Nobel peace prize recipient had told him that the release of Myanmar's political prisoners is more important than her own release from house arrest. He said she had also told him that she will never leave Myanmar until democracy is achieved in the country.

"One of her many good points is that she does what she says she will do," he said.

Rewata Dhamma left Myanmar in 1956 to study in India and has been living in Britain for the past 20 years.

At the urging of the United Nations, the 65-year-old monk returned to the country on May 4 for the first time in 30 years to talk with top junta officials. He met SLORC Chairman Gen. Tan Shwe and First Secretary Lt. Gen. Khin Nyunt.

He visited Myanmar again on Aug. 5-10 to meet Suu Kyi. His efforts as mediator paved the way for the first face-to-face meeting on Sept. 20 between the two junta leaders and Suu Kyi since she was placed under house arrest in 1989 for allegedly endangering public security.

The junta seized power after violently suppressing pro-democracy demonstrations in 1988 and has held on to it, continuing to stamp out dissent.

Rewata Dhamma said Foreign Ministry officials whom he met on Tuesday had told him Japan is ready to give aid to Myanmar, but he said he interpreted their statements to mean that Tokyo will only supply aid after Myanmar has a democratic government.

Tin Maung Win, 57, the Thailand-based vice chairman of the Democratic Alliance of Burma, an organization working for democracy in Myanmar, told the press conference the release of Suu Kyi is the "key" to achieving any change in Myanmar.

KNU Outlines Reasons SLORC Talks Stalled

BK2811010094 Bangkok THE SUNDAY POST in English 27 Nov 94 p 25

[From the "Letters" column]

[FBIS Transcribed Text] SIR: Together with its alliances and forces for peace at home and abroad, the KNU [Karen National Union] has been endeavouring to establish genuine internal peace by calling for the solving of the political problems of the country by political means. With this basic stand, the KNU has made the effort to initiate talks and create an amicable start between itself and the Slorc [State Law and Order Restoration Council].

Accordingly, arrangements were made with the Slorc military attache to Thailand, Col Thein Shwe, for the meeting of KNU and Slorc to take place at the Slorc embassy in Thailand. At first, the Slorc gave the appearance of assent but, subsequently, as the Slorc hierarchy disapproved, the arrangements for the meeting of advance delegations of the two sides had to be cancelled. Then again, discussions were made with Col Thein Shwe on the plan for the KNU advance delegation to begin talks with the Slorc authorities in Rangoon in the presence of UN representatives serving as witnesses.

However, according to the reply made through Col Thein Shwe on November 11, 1994, the Slorc authorities rejected the participation of UN representatives. They also said that the KNU advance delegation was to meet only with the head of Southeast Military Command, Gen Ket Sein, in Moulmein, and not in the capital city, Rangoon.

In connection with the above matter, the KNU would like to clarify to its allies, to the Slorc and the forces for peace at home and abroad, as follows:

1. As the establishment of genuine peace is a political question of the magnitude encompassing the whole country, consultation and disposition of top leaders of the two sides is necessary. An attitude of openness, honesty and equality is also essential. The KNU is entirely not responsible for the failure, up to this day, of the advance delegations of the two sides to meet.

2. In the establishment of genuine internal peace, seriousness in the disposition of mind is indispensable. Peace cannot be established without it. In conclusion, the KNU would like to state that it will continue to endeavour for the holding of talks with a steady and honest disposition, and with the objective of establishing a genuine and lasting peace in the whole country.

SOUTHEAST ASIA

FBIS-EAS-94-229
29 November 1994

**[Signed] Central Committee Karen National Union
New Leader To Head Kachin Resistance Group**
BK271115494 Bangkok THE SUNDAY NATION in English 27 Nov 94 p A3

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Burma's Kachin Independence Organization (KIO) has named acting chairman Maj Gen Zau Mai to succeed its late leader Brang Seng, who passed away in August after suffering a brain haemorrhage.

The appointment, announced officially on Thursday night, was no surprise for Burma watchers who had expected that Zau Mai, acting KIO chairman since Brang Seng suffered the first of two strokes in October 1993, would eventually assume leadership of the armed ethnic resistance group.

"The KIO has a collective leadership structure and a clear line of command, so we had been expecting for some time now that Zau Mai would succeed to the leadership," commented a Thai official who has been monitoring the activities of ethnic groups engaged in an ongoing armed struggle with the Burmese government.

Zau Mai, who is currently chief of staff of the Kachin Independence Army, was also elected president of the Kachin Independence Council—the legislative arm of the Kachin resistance movement—at a special meeting of the 17-member central committee earlier this month. The 58-year-old general is the first person to hold all three top posts in the KIO (military, administrative and legislative) at the same time.

Zawng Hra, the KIO's outgoing general secretary, was elected vice chairman of the movement. He will be replaced as general secretary by Col Zau Seng, who currently serves as chief KIO representative to Thailand and India. Brigadiers Tu Jai and Zau Ing remain as vice president and vice chief of staff respectively.

Born in July 1938 in Sumprabum, Zawng Hra graduated from Rangoon University with a BA degree in 1960. He joined the KIO in 1963 and has been mainly involved in directing the KIO administration.

Col Zau Seng, the KIO's new general secretary was born on May 21, 1942 in Myitkyina. Immediately after his graduation from Rangoon University, he joined the Kachin Independence Army and rose through the ranks to his present post.

Brunei, Malaysia & Singapore Malaysia

Commentary Views Outcome of OPEC Meeting in Bali

BK2611153094 Kuala Lumpur Voice of Malaysia in English 0810 GMT 25 Nov 94

[FBIS Transcribed Text] The Organization of Petroleum-Exporting Countries, OPEC, is no stranger to controversy and crisis. A tussle was imminent for the

secretary general's post vacated by Indonesia's Subroto with [word indistinct] 12 members of the grouping. Surprisingly, the cartel reached a consensus on the issue when they met in Bali recently, agreeing for Nigeria's Dr. Rilwanu Lukman to take over from Subroto.

The decision is crucial for the crisis-stricken organization. OPEC groups Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela. [Words indistinct], which must be unanimous would have been stumbling block to OPEC getting down to its business of stabilizing oil prices. Now that Dr. Lukman is at the helm, it is time OPEC members put aside their differences and bickering to address the more important issues at hand. This was already evident when the 12 oil ministers agreed to continue the ceiling on world oil output for a further 12 months after the meeting in Denpasar.

The move, while expected to help support sagging oil prices, has again demonstrated the capacity for corporate discipline among OPEC members. It has been able to maintain production at around 24 to 25 million barrels per day over the past two years.

The 12 oil producing countries are expected to expand the official OPEC production ceiling of 24.4 million barrels per day, which is an entirely reasonable and crucial decision. This is in view that oil prices are hovering at around U.S.\$17 per barrel.

This is a far cry from the group's target of U.S.\$23. It is important to note, however, that the move to extend the output ceiling is unprecedented in OPEC. Nevertheless, it is important that members appear to get (?additional) quota for any violation can yet again upset the market and send prices even lower.

With the petroleum being an important component in any country's economy, any steep change in prices can upset national budgeting plan. That is why the role of its members do not end here. There is a constant need for them to close rank and act wisely by instituting measures to improve oil prices. Even if OPEC members stick to production quota, their efforts could sometimes be jeopardized by non-OPEC members which are also major oil producers.

Subroto had noted that he sees no production restraint at all, especially by non-OPEC industrialized countries. However, non-OPEC developing countries, such as Malaysia, Egypt, Yemen, Syria, Angola, and Oman have shown willingness to work together and if necessary, cut production. Here the most important thing is the spirit of cooperation. OPEC members are also in the same boat as countries from the developing world as OPEC members are also developing countries.

This should be the binding feature that enables OPEC countries to work together with nonmembers. In contrast, however, some consumer governments, especially

the industrialized nations, have shown utter disregard by continually raising taxes on oil and oil products, which has added to the volatility in prices. In the process, the developing economies of oil producers are affected as their margins are lessened.

Against this background, OPEC, despite being written off more than once, still has a vital role to play in the world oil market.

Commentary Views Border Issue With Thailand

BK2811132094 Kuala Lumpur Voice of Malaysia in English 0810 GMT 28 Nov 94

[Station commentary]

[FBIS Transcribed Text] The border issue has been a long-standing problem between Malaysia and Thailand. While both nations have enjoyed cordial ties for a long time now, this issue, however, has yet to be resolved. Spanning 600 kms, the common border has never been clearly demarcated, and problems are bound to occur. Work has been intensified on laying the boundary zones properly only in recent years. Only in modern times has the necessity arisen for some form of control in border crossings.

This has been due to the various illegal activities that have been cropped up such as smuggling of goods, cross-border sale of stolen cars, and other items, gun-running and prostitution rackets. Efforts by the authorities on both sides to carry out stringent checks on cross border movements aroused much inconvenience and cost a lot of goodwill. Despite the various actions taken, it is not hard for contraband such as rice, dadah [drugs], and weapons from Thailand to find their way to Malaysia, and for palm oil, cigarettes, and electrical goods in the opposite direction. If the price difference of goods on both sides is marginal, then there will be no contraband. All this is said to be resolved once the duty-free ASEAN Free Trade Area, AFTA, is established.

In the meantime, it is heartening to note that both countries are committed to maintaining the long-existing strong bilateral ties. Thai Foreign Minister Dr. Thaksin Chinnawat, who was in Kuala Lumpur recently, said it is this commitment, laced with political courage, which will be the basis for resolving outstanding issues amicably.

Malaysian and Thai officials will only be too glad to stamp out such smuggling, as it has caused much friction in bilateral relations over the years. Enforcement officials sometimes find themselves in the wrong side of the border when in hot pursuit of smugglers. The setting up of the Thai-Malaysian Joint Commission is a clear sign that there is political will to solve the impasse. What is gratifying is that not only local authorities but businessmen are reaching out to each other—this in response to the fast changing world by supporting the policies of both governments. Over the years, they have built up

their own interlocking network cross border economic cooperation. This goes to show that the government and the people have risen above narrow interest to see the larger benefits in the longer term.

It is fortunate that due to the goodwill and cordial ties maintained at various levels, conflicts and problems across the border are usually contained and resolved before they are blown out of proportion. AFTA and the development of the Indonesia-Malaysia-Thailand Growth Triangle is set to change the scenario at the border areas by enhancing cross border trade and investment flows. The two countries' approach in trying to settle the overlapping claims can be a model for peace in settlement of other similar disputes where there are riches to be extracted.

Malaysia and Thailand are definitely on their way toward deepening trade and investment linkages and lifting bilateral ties to a much higher plane.

Singapore

Editorial Advocates Slower Economic Growth

BK2511130794 Singapore BUSINESS TIMES in English 25 Nov 94 p 16

[Editorial: "Singapore economy needs a breather"]

[FBIS Transcribed Text] After five quarters of sizzling economic growth, the Singapore economy could do with a breather. A number of factors are already conspiring to make this happen next year: a strong Singapore dollar (estimated to appreciate to about \$1.45 to the U.S. dollar by next year from the current \$1.47); manufacturing capacity constraints; and rising business costs, in particular for labour and office space. But the stimulus for a "soft landing" might just come from this week's half-point rise in prime lending rates by the local banks. It is ironic, though not surprising, that the domestic rate hike was prompted almost entirely by the U.S. Fed's 75-basis point increase in U.S. rates; the Singapore economy, not America's, needed the rate hike more. Whatever prompted it, the hike is to be welcomed—even if it means a tightening of belts and a potential squeeze in margins for the corporate sector.

While an environment of high interest rates isn't conducive to good business performance—the higher cost of capital tends to have a nasty effect on both investments and consumption—in Singapore's case, this isn't the concern. If anything, interest rates have been too low for too long. Prime lending rates have gone up by an average of one percentage point to 6.3 percent over the past year; they need to rise even further to curb the excessive speculative and consumptive spending in the past four quarters. Inflation, currently running at about 4 percent despite the introduction of the Goods and Services Tax, may well moderate next year. But the problems that won't go away are asset inflation fuelled by the borrowing and spending binge.

Since interest rates began falling to hit a two-and-a-half year low late last year, Singaporeans had little or no incentive to save. Savings and fixed deposit rates hit rock bottom, with the three-month fixed deposit rate falling to a low of 2.26 percent at the end of 1993 while savings rates went from 3.38 to a miserable 1.59 percent. Aside from offering these paltry returns for savings, cash-flush banks and finance companies seem to have gone out of their way to get more people to borrow—and spend—for all manner of things. In the space of 24 months, personal loans by banks went from a 5.4 percent contraction year-on-year in the first quarter of 1993 to an unprecedented 49.1 percent growth in the third quarter of this year. These loans—borrowed at rates ranging from 10 to 24 percent typically—have found their way into the stock market, into car financing, or to fund credit card debt.

As for property prices, the past year has seen property prices soaring by an average of 36 percent, to levels that threaten to become unaffordable. There are some Singaporeans who are patiently waiting for a crash in property prices; but this would have serious consequences for the rest of the economy. Higher interest rates—coupled with the more [as published] supply of land for development—will help to cool the market down and avoid a crash. More moderate asset prices will also help Singapore to secure its hard-won position as the regional centre for finance and business.

Cambodia

Development Agreement Signed With Australia

BK2911095594 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 29 Nov 94

[FBIS Translated Text] A ceremony to sign a memorandum on the development cooperation promised to Cambodia by Australia was held at the Ministry of Foreign Affairs and International Cooperation on the morning of 28 November. It was presided over by His Excellency [H.E.] Keat Chhon, state minister in charge of rehabilitation and development, minister of economy and finance, and vice chairman of the Council of the Development of Cambodia [CDC]; and H.E. Anthony Kevin, Australian ambassador to Cambodia. The memorandum is in line with the development cooperation between the two countries, which officially resumed ties in 1992, and also conforms with the Australian Government's funding program and planning.

H.E. Keat Chhon thanked Australia for its serious attention to Cambodia's development, saying this constitutes a useful tool and forms a firm foundation for restoring and redeveloping the country. He added that the development cooperation between the two countries constitutes a force to promote Cambodia's development, especially with the CDC's role in helping to rehabilitate the country quickly from the terrible destruction of war.

H.E. Anthony Kevin told H.E. Keat Chhon that the strongest weapon against the Khmer Rouge is the economic and social development of Cambodia. This agreement is evidence that Australia will, along with the Cambodian people, actively continue its projects throughout the country. The Australian envoy said that Australian aid to Cambodia worth over \$92 million [currency not specified] over the next four years has been announced by Australian Foreign Minister Gareth Evans.

The funding for the reconstruction and redevelopment of Cambodia will be administered and allocated by [name indistinct] organization through Australian representatives and a team of engineers from nongovernmental and international organizations.

Second Prime Minister Chairs Cabinet Meeting

BK2611134994 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 25 Nov 94

[“Press communique by the Office of the Government Spokesman”—dated 24 November]

[FBIS Translated Text] A plenary session was held at the office of the Council of Ministers on the morning of 23 November 1994 at 0830 under the chairmanship of Samdech Hun Sen, second prime minister of the Royal Government of Cambodia, to discuss and forward:

- I. The draft text reforming public functions; and
- II. The bill on the duty to defend the motherland.

After a careful debate and exchange of views, the Council of Ministers decided the following:

I. The draft text reforming public functions.

The meeting unanimously agreed on the political decision by the Royal Government to reform public functions because this is a major means of building a quality public government which is able to serve the state and the people. The main objective of the reform of public functions is to reform and improve the number of officials in the Kingdom of Cambodia. Here are the immediate tasks:

1. To put an end to the (?recruitment) and inclusion into the civil service of cadres and officials from various parties;
2. To maintain the stability of the number of civil servants; there should be no increase;
3. To exercise appropriate selection in accordance with the joint statute of civil servants adopted by the National Assembly last October by recruiting through exams and ending automatic inclusion into the civil service.

The Royal Government will strive to reduce the number of officials by 20 percent by 1997 through:

- a. A process of natural retirement;
- b. Voluntary separation from the civil service; and
- c. Intentional separation

To reduce the number of civil servants, the Royal Government will implement a number of measures to support this activity through vocational training, coupled with privatization, public investment program, and other investment programs to absorb the labor force released by the state.

Along with this, the Royal Government will instruct the Ministry of Social Affairs and Labor to implement a policy of exporting the labor force abroad, giving priority to existing officials from the army, police, and civilian officials. The Cambodian Development Council, CDC, will be instructed to attract investment in the country to contribute to the task of reforming public functions.

II. The bill on the duty to defend the motherland

The meeting agreed on the draft which stipulates that male Cambodian citizens, aged 18 to 35, have the duty to serve the motherland in person for 18 months, except in the case of genuine physical handicap.

This bill will soon be submitted to the National Assembly for adoption.

The Council of Ministers closed its session at 1300 in a spirit of agreement and high responsibility.

Phnom Penh, 24 November 1994

NADK Warns Against Selling Arms to Government

BK2711131694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 27 Nov 94

[“Communiqué” issued by the spokesman of the National Army of Democratic Kampuchea on 26 November; place not given]

[FBIS Translated Text] So far, Russia, Czechoslovakia, Poland, and other countries have sold arms to the two-headed government, enabling it to continue to fuel the communist Vietnamese war of aggression to kill the Cambodian nation and people further. Concerning this issue, the spokesman of the National Army of Democratic Kampuchea [NADK] issues the following communiqué:

1. Normally, an independent and sovereign country is free to purchase arms for the defense of its national independence, sovereignty, and territorial integrity.

2. However, the world is already aware that Cambodia has been victimized by the communist Vietnamese war of aggression for 15 years. When they came, UNTAC [UN Transitional Authority in Cambodia] and the [Western] alliance continued the communist Vietnamese

war of aggression through the two-headed government, their instrument of aggression.

3. As in Bosnia-Herzegovina, to extinguish the flames of war, preventing the country from being burned further, outside countries have to stop selling arms to each warring party. The war in Cambodia is not a civil war, as in Bosnia-Herzegovina. It is conspicuously a war pursued by the communist Vietnamese aggressors to exterminate the Cambodian race once and for all. The warring parties are the communist Vietnamese aggressors and their lackey puppets, the alliance, and the two-headed government on the one side and the Cambodian nation, the Cambodian people, and Democratic Kampuchea, who are the victims, on the other. Without outside countries selling or giving arms to the two-headed government, the war would have already ended; the Cambodian nation and people would have already achieved peace and national reconciliation.

Therefore, the countries selling arms to the two-headed government have to stop, or else this is tantamount to colluding to continue to inflame the communist Vietnamese war of aggression to kill the Cambodian nation and people. Those countries are the enemies of the Cambodian nation and people, and they act with purpose and according to a plan. They are, with their morality and conscience, invited to think about that. The Cambodian nation and people will judge them according to their concrete actions based on the supply or sale of arms for the two-headed government to fan the flames of war to kill the Cambodian nation and people.

26 November 1994
The NADK spokesman

KR Communiqué on Gains of ‘Salvation Struggle’

BK2911033094 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 28 Nov 94

[“Press communiqué” issued by the secretariat of the “Provisional Government of National Union and National Salvation” cabinet on 28 November; place not given—read by announcer]

[FBIS Translated Text] The cabinet of the Provisional Government of National Union and National Salvation [PGUNS] held its weekly working session on Monday, 28 November, under the chairmanship of His Excellency Khieu Samphan, prime minister and minister of the National Army, and with the participation of all its members.

The caucus heard reports presented by each ministry and discussed them in all aspects with a high sense of responsibility for the destiny of our Cambodian nation and people. The cabinet clearly noted the heretofore developing situation of our nation and people’s national salvation struggle, and advanced a number of measures as follows:

I. Although they have suffered repeated serious defeats, the communist Vietnamese, the U.S.-Australian-French alliance, and their lackeys, the traitorous two-headed government, stubbornly persist in carrying on their policy of war and criminal strategy to commit genocide against Cambodia. The communist Vietnamese have become completely and totally dictatorial and monopolistic. Anyone who dares oppose their policy of war and demands national reconciliation is liquidated and swept away. The two-headed government has become communist Vietnam's puppet 100 percent, from top to bottom. They entirely serve both the communist Vietnamese policy of genocidal war against Cambodia and the U.S.-Australian-French alliance's warmongering policy to undermine national reconciliation and peace. These two-headed traitors are all bent on murdering the nation. They think of nothing but war, war, and war without end.

In the countryside, they have launched repeated operations to press people into K-5 corvees and conscript them as troops and militiamen whom they send to fight and die in their place.

In Phnom Penh, these barbarians arrest, silence, and assassinate students, intellectuals, and journalists so they will not speak or conduct any activities that might hurt their policy of escalating communist Vietnam's war.

Besides, they have four million ethnic Vietnamese in the country to wolf down and swallow up Cambodia.

II. However, these warmongers' criminal design to escalate aggressor communist Vietnam's war has met with a serious defeat right from the beginning. They have been defeated in all fields, military, political, and diplomatic.

On the military field, they have been opposed by our Cambodian nation and people who are united in a guerrilla and people's struggle to repeatedly derail their raiding campaigns on many battlefields throughout the country.

On the political field, our entire nation and people see and grasp more clearly the colors of these warmongers and oppose and reject them resolutely in all regions, in the countryside, in Phnom Penh, as well as abroad.

On the diplomatic field, they have been unmasked, opposed, and rejected by peace- and justice-loving countries and people in the region who have refused to let the United States set up its arms depot and military base in their territory. They do not want them to continue igniting the war on their threshold. They want to see Cambodia achieve national reconciliation and peace so the whole region can have security and stability and all can pool resources to build and advance their own countries.

III. In order to protect the lives and defend the villages, lands, paddies, fish, and rice, the cabinet further advises the provincial, district, commune, and village committees and the National Army of Democratic Kampuchea

to take part in discussions with the local populace so they will pay more attention to finding measures to defend themselves and save their fish and rice from being pillaged and burned by the invading forces of the two-headed traitors.

Experiences in many places show that the most effective defense method is for the fraternal populace to remain united and to smash and sweep away to the last man communist Vietnam's cruel civilian administrators in all sectors. It is these brutal elements who have committed murders against the people and who have regularly robbed and raped them all year round for the past more than 15 years.

The victimized Cambodian nation and people have the right to join hands in a multiform struggle, like people in other countries under aggression, in order to defend themselves and save and perpetuate the Cambodian nation and race. The communist Vietnamese, those in the villainous Western alliance, and the two-headed traitors have already been judged and condemned by the Cambodian nation and people and the peace-loving people the world over as war criminals and arch-criminals against humanity who are committing genocide against Cambodia. The Cambodian nation and people victimized by the aggressor communist Vietnamese war for more than 15 years now want nothing more than an end to this war. The Cambodian nation and people and the PGNUNS, who have joined hands in making all kinds of sacrifices in successive struggles, fervently want the war to end and national reconciliation and peace to be achieved at all costs. This is because only by achieving national reconciliation and rallying national forces from all political affiliations can we save and perpetuate our Cambodian nation and race.

The PGNUNS firmly and unwaveringly adheres to the policy of national reconciliation and peace and, together with our entire Cambodian nation and people, will do everything in order to achieve national reconciliation, the profound aspiration of our Cambodian nation and people.

Monday, 28 November 1994
The Secretariat of the PGNUNS Cabinet

Indonesia

Suharto Only Willing To Meet Some East Timorese

BK2911095994 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 29 Nov 94

[FBIS Translated Text] President Suharto is ready to meet with Abilio Araujo, but not those such as Ramos Horta who are opposed to East Timor's integration into Indonesia. Speaking to reporters after he met with President Suharto at the Cendana Road residence in Jakarta this afternoon, Foreign Minister Ali Alatas said that Indonesian roving Special Ambassador Lopes da Cruz

reported to the president earlier on the outcome of the second meeting in London, and he cited Abilio Araujo's wish to meet with President Suharto. Abilio Araujo is a leader of the East Timorese community living overseas.

Minister Alatas said that it would not be productive at all for President Suharto to meet with people like Ramos Horta:

[Begin Alatas recording] As for Abilio, he is a different person. He has begun to talk about reconciliation and wants to see how cooperation and reconciliation can be achieved in East Timor. He does not want to discuss the political aspect of East Timor. He has a positive outlook. Abilio is completely different from those opposed to East Timor's integration.

As for Ramos Horta, he continues to adopt the same old posture; namely, he wants a referendum or independence. This man is still daydreaming. Therefore, his chances of meeting the president are slim. Horta is not a man that the president wants to meet, but Horta is the first to raise a fuss, saying: Yes, I am ready to meet the president if Xanana Gusmao gives me permission. A Betawi [Jakarta] native might ask Horta this question: Do you think you have been invited? [laughter] [end recording]

Minister Alatas also reported to President Suharto on the upcoming second ministerial meeting and seventh summit meeting of the Islamic Conference Organization [ICO] in Morocco in the middle of next month. Due to his hectic schedule, President Suharto will not be able to attend the ICO summit. He will designate Minister Alatas to attend the meeting on his behalf.

Suharto Outlines Environmental Management Steps

BK2711100694 Jakarta THE JAKARTA POST in English 23 Nov 94 p 2

[FBIS Transcribed Text] Indonesia still needs to work hard at preserving and strengthening the environment despite encouraging results on this front, President Suharto said.

Addressing a national coordination meeting on managing the environment yesterday, Suharto said Indonesia has made significant progress in the 17 years since the appointment of a minister to deal specifically with environmental issues.

Suharto said the public's perception and awareness of the need to preserve the environment have expanded. The diversity and complexity of the problems have also become clearer, he said.

There is greater awareness for better coordination and Indonesia has established laws and regulations and set up various institutions to deal with environmental problems.

"But our tasks are still immense and heavy," he said "The environmental degradation of several decades requires time and hard work to mend."

"The meeting is the first of its kind since the 1978 establishment of the Office of the State Minister on Environment now headed by Sarwono Kusumaatmaja.

As well as environmental management, the three-day meeting will review the programs on sustainable development, a concept developed for the current government's Second Long Term Development Program which spans 25 years and began last April.

"I hope this meeting will agree on policies and strategies on environmental management during the Second Long Term Development Program and integrate sustainable development policies with an environmental outlook," Suharto said.

Suharto said 17 years was hardly adequate to undo some of the environmental damages created over the previous decades. Many of the present environmental problems have their roots in the previous generations, and similarly, he reminded the participants, many of the activities carried out today will have their impact on the environment in the future.

Suharto said Indonesia already has the legal basis for environmental management with the Environmental Law in 1982. What the nation needs now is steps to enforce the law, and for this Suharto proposed 10 steps.

They include conserving the environment, enhancing environmental supporting capacity, improving the quality of the environment, enhancing protection of fauna and flora being exploited for commercial use, improving coordination between human resources, natural resource and man-made resources.

The other measures are optimizing use of space, reducing the risk of environmental destruction and pollution, encouraging public participation, strengthening environmental information and economics, and using or developing science and technology for management and protection of the environment. The ministers addressing the conference were State Minister of Environment Sarwono Kusumaatmaja, State Minister for National Development Planning/Chairman of the National Development Planning Board Ginanjar Kartasasmita, Minister of Home Affairs Yogi S. Memet, Minister of Defense and Security General Edi Sudrajat, Coordinating Minister for Industry and Trade Hartarto and Coordinating Minister for Political Affairs and Security Susilo Sudarman.

According to Ginanjar, environmental problems emerged as people were not really ready to face the rapid economic growth which resulted in the exploitation of natural resources.

As far as the funds were concerned, it was not difficult to deal with the case, he said. For the environment management, the government allocated Rp [rupiah] 357

billion (U.S.\$172 million) for the 1994/1995 fiscal year, or Rp 2.6 trillion for the sixth Five Year Development Plan (Repelita VI), which started this year.

"What is important is how to coordinate the allocation and use of the funds," he said.

To prevent any misappropriation of the funds, the government required clear targets of proposed projects under the so-called Sarlita [not further identified] concept, Ginanjar said.

Sarwono told reporters that out of the Rp357 billion, only Rp 8 billion was managed by his office and the Environmental Impact Management Agency.

"The rest of the funds are controlled... This is what we can't tolerate," he said.

He underlined Ginanjar's statement on the importance of coordination on the use of the funds, saying he did not require more money for his office.

Suharto Urges Preparation for Free Market Era

*BK2911051394 Jakarta ANTARA in Indonesian 2026
GMT 28 Nov 94*

[FBIS Translated Text] Jakarta, 28 Nov—President Suharto called on small businessmen and cooperatives to boost their efficiency and productivity to enable them to cope with the Asia-Pacific free market era.

"Village cooperatives units must upgrade their performance and management skills," said Subiakto Cakrawerdaya, minister of cooperatives and small enterprises, to reporters at Jakarta's Merdeka Palace on Monday, who was quoting the president. The president gave the guideline in conjunction with the outcome of the Asia-Pacific Economic Cooperation [APEC] meeting in Bogor on 15 November. Eighteen APEC economic leaders agreed to set the free trade timetable by 2010 for developed countries and 2020 for developing countries.

Subiakto also stressed the importance for small businessmen and cooperatives officials to catch up with technological progress.

The head of state said it is not necessary for small businessmen to export their own products because they can work together with big businessmen in this area. When asked by reporters whether small businessmen and cooperatives officials have taken steps to cope with the free market era, the minister said: "Some businessmen have done so, but many have not. They have no choice but prepare themselves now otherwise they will face difficulties later."

Alatas Comments on Chemical Weapons Convention

*BK2811150294 Jakarta ANTARA in Indonesian 1045
GMT 28 Nov 94*

[FBIS Translated Excerpt] Jakarta, 21 Nov (ANTARA)—Foreign Minister Ali Alatas said that the Indonesian Government is now preparing for the ratification of the Convention on Prohibition of Chemical Weapons in the first quarter of 1995.

After the opening Monday of the Asia-Pacific seminar on implementing the chemical weapons convention in Jakarta, Alatas told a news conference: "Now the Foreign Affairs Ministry, the Office of the Minister and State Secretary, and several other related agencies are gathering materials in an effort to ratify the convention."

Alatas explained that the Conference on Disarmament held in Geneva in 1992 formulated a Convention on the Prohibition of Chemical Weapons after 12 years of negotiation. [passage omitted]

According to Alatas, since January 1993 158 countries have signed the convention but only 16 have ratified it.

"Indonesia had signed the convention and hopes to ratify it soon because all preparations have been made," he added.

Alatas was in the company of Li Chang-hi, deputy executive secretary of the Preparatory Commission for the Organization of the Prohibition of Chemical Weapons.

Alatas told journalists that the convention will only take effect force after being ratified by 65 countries.

"It is hoped that all related parties in Asian countries, including representatives from chemical industries, will understand and agree to the implementation of the complex convention. The implementation of the convention will require the involvement of several chemical industries from the signatory countries," he said. [passage omitted]

Alatas said several Middle East countries are reluctant to sign the convention because they are demanding that Israel sign the nuclear Non-Proliferation Treaty as well. Otherwise they feel that the convention is unfair.

"Due to this, the Asia-Pacific seminar on the implementation of the chemical weapons convention is very important, aimed at urging all countries that have not ratified it to think about the ratification," he said.

Alatas added: "It is hoped that in 1995, the ratification by 65 countries can be reached."

The seminar is attended by 33 countries, with each country sending three representatives from the military, parliamentary, and chemical sectors respectively.

Li Chang-hi said the Chemical Weapons Convention will be a reality soon because with the implementation of the convention, regional and global peace will be strengthened. [passage omitted]

Daily on Possible Change in U.S. Asian Policy

BK2911104094 Jakarta KOMPAS in Indonesian 28 Nov 94 p 4

[Editorial: "The U.S. Policy in Asia Is Not Expected To Change With the Rise of the Republicans"]

[FBIS Translated Text] It is still fresh in our minds how U.S. President Bill Clinton eagerly promoted trade liberalization in the Asia-Pacific. We have also been convinced by the statements made by several U.S officials that the superpower country's commitment in Asia will not change. However, it is only natural that a question arises after the midterm election in which the Republicans captured the Senate and House of Representatives: Will the Republicans share the Democrats' policies to the extent that the U.S. Government's policies in Asia will continue?

In January next year, several Republican legislators who were known for their skepticism of the Clinton administration's handling of some Asian issues will assume the key offices in the new Congress.

Analysts believe that the role of the new Congress members from the Republican Party is limited to proposing big changes in the U.S. policies in the Asia-Pacific.

What Senator Jesse Helms, a North Carolina Republican senator, who is to assume office as head of the Senate Foreign Affairs Committee, can do is prevent or deter one or two ambassadorial nominations or push the U.S. Government to tighten its control over human right violations in Asia.

What else can Jesse Helms do? Not much, said one of the Republican congressmen's assistants, as quoted by THE ASIAN WALL STREET JOURNAL on 24 November.

He may be able to hold public hearings to put a government to shame. For example, he may make inquiries on China or North Korea. Beyond all this, the Senate's committee is unable to destabilize or overturn the government's policies.

Helms, who recently questioned President Clinton's competence as the supreme commander of the Armed Forces, has even promised to cooperate with Secretary of State Warren Christopher and his Asian team. CNN viewers might have been surprised to learn from Helms' interview with the network that he will be able to work together with Christopher.

Observers have interpreted Helms' remarks as an admission that the executive branch's right to carry out foreign policy with the advice of the Congress is still honored despite the fact that the Republicans have captured the Congress. In this context, John Ohta, a spokesman of the East Asia and the Pacific Affairs Bureau of the State Department, convincingly predicted that the Asian policy will remain a bipartisan responsibility.

Similar remarks were made by Secretary of State Christopher to the effect that whatever the outcome of the midterm elections, there will be continuity in the U.S. foreign policy.

The above information gives rise to optimism that the U.S. policy in Asia will not change. However, only time will tell.

The truth will probably emerge in February next year when the Senate Foreign Relations Committee holds a public hearing about the nuclear agreement with North Korea. The negotiator, Robert Gallucci, will probably have to face unpleasant questions as to whether Pyongyang is trustworthy and also on the concession given by the United States.

After North Korea, questions will be raised on the China policy. The Republican senators seem to worry about the U.S. Government's reduced determination to question the human rights situation in China and China's arms proliferation.

The issue of Taiwan, which is seeking a status below diplomatic level in view of its status as a major U.S. trade partner, will most likely be brought up by the Republicans.

The U.S. policy will be put under the spotlights not only in the Senate, but also in the House of Representatives. Benjamin Gilman, a Republican member from New York who will assume the next post of chairman of the House of Representatives' Foreign Relations Committee, is one of the senators who will continue to question the issue of U.S. personnel missing in action in Vietnam, and he is also a strong critic of China's human rights practices.

Amidst the assurance that U.S. policy in Asia will remain unchanged and continue to be the responsibility of the two parties, observers have also found several names believed to be ready to criticize the U.S. Government policy.

On the other hand, Asian countries, which often adopt a defensive stand and hide themselves behind so-called Asian values, should accept criticism by the U.S. congressmen with open minds, and consider them as an input and introspection without harboring suspicion that the criticism constitutes interference in their domestic affairs. As such, these countries will then make efforts to improve several issues raised by the congressmen.

Continued self-improvement will also be beneficial in the sense that our good points will eliminate any chance for the critics to find fault with us. Responding to such criticisms, we must spend tremendous amount of time, energy, and brain power.

Malaysian Defense Minister on Regional Issues

BK2911121594 Kuala Lumpur Voice of Malaysia in English 0800 GMT 29 Nov 94

[FBIS Transcribed Text] Defense Minister Datuk Najib has said Malaysia's effort to upgrade the capability of its armed forces is aimed at contributing towards regional peace and stability.

Speaking at the opening of a meeting of Malaysia-Indonesia General Border Commission in Jakarta today, he said Malaysia believes in regional cooperation which

had proven to be very fruitful. He assured the neighboring countries, especially Indonesia, that Malaysia will make every effort to strengthen their relations and to avoid any action contrary to such aspirations.

Datuk Sri Najib hopes that the good relations between the Malaysian Armed Forces and the Indonesian Armed Forces could be neutralized for the benefit of both parties.

Indonesian Chief of Armed Forces General Feisal Tan-jung, in his speech, said the committee had succeeded in enhancing relations between the two countries.

Information Cooperation With Vietnam Expanded

BK2611094794 Jakarta TVRI Television Network in Indonesian 1400 GMT 25 Nov 94

[FBIS Translated Excerpt] The Vietnamese Government is making efforts to forge cooperation with foreign countries in all fields, including the information field. Our correspondent Gunawan Ginting reports from Hanoi, Vietnam:

[Begin Ginting recording] Since the adoption of doi moi, or the open door policy, in 1986, the Vietnamese Government has always stressed the importance of forging cooperation with neighboring and ASEAN countries, while maintaining ties with other socialist nations. In this connection, Vietnamese Minister of Information and Culture Tran Hoan and Indonesian Minister of Information Harmoko held talks on the expansion of information cooperation in Hanoi last Tuesday. The two ministers agreed on the establishment of a new information and communication system, which includes the implementation of resolutions adopted at the meeting of the Nonaligned Movement's information ministers. The two sides also agreed to expand the exchange of information on national development and an information dissemination system. Speaking in the presence of Indonesian Ambassador Jafar Husi Arsegar; Subrata, director general of Press and Graphics Development; Director of Indonesian Television Aziz Hussein; and leading journalists, Information Minister Harmoko said information cooperation will have a positive impact on other areas of cooperation between Indonesia and Vietnam. [end recording] [passage omitted]

Laos

PRC Legislative Delegation Arrives on Visit

BK2811143994 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 28 Nov 94

[FBIS Translated Text] A high-level delegation of the PRC National People's Congress [NPC] headed by NPC Vice Chairman Comrade Wang Hanbin arrived in the capital, Vientiane, at noon today to pay an official friendship visit to the Lao People's Democratic Republic [LPDR] at the invitation of the LPDR National Assembly. The visit is aimed at further strengthening

friendship and solidarity between the two countries and their legislative organizations.

Comrade Wang Hanbin and his entourage were warmly welcomed at Wattai Airport by Comrade Vongphet Saiseuyachongtoua, vice chairman of the National Assembly; members of the National Assembly Standing Committee; and concerned members of the National Assembly. Comrade Li Jiazhong, PRC ambassador extraordinary and plenipotentiary to Laos, was also on hand at the airport to welcome the delegation.

During the visit, in addition to holding talks with a Lao parliamentary delegation to exchange views on bilateral relations, the high-level delegation of the PRC NPC is scheduled to pay courtesy calls on several important Lao leaders and visit many production establishments and ruins in the capital, Vientiane, as well as Vientiane Province.

Received by Assembly Chairman

BK2911043294 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 29 Nov 94

[FBIS Translated Text] Comrade Saman Vi-gnaket, Political Bureau member of the Lao People's Revolutionary Party [LPRP] Central Committee and chairman of the National Assembly, received at the National Assembly in Vientiane yesterday a courtesy call from a high-level delegation of the National People's Congress [NPC] of the PRC led by Comrade Wang Hanbin, alternate member of the Political Bureau of the CPC Central Committee and vice chairman of the NPC. The high-level Chinese NPC delegation is currently on an official visit to our country at an invitation of the National Assembly.

In the talk between the guest and the host which proceeded in an atmosphere of close friendship, Comrade Wang Hanbin, head of the high-level NPC delegation, expressed pleasure over the warm welcome accorded him and his delegation by Comrade National Assembly Chairman Saman Vi-gnaket. He thanked Comrade Saman Vi-gnaket for the welcome and informed him of the outcome of his delegation's meeting with a high-level delegation of our Lao National Assembly. The head of the high-level NPC delegation also hailed the achievements won in many fields by the Lao people in the cause of defending and building the country in accordance with the party's restructuring policy which has brought about stability to the country, peace and order to the society, and a considerably rapid development of the economy.

On this occasion, Comrade National Assembly Chairman Saman Vi-gnaket expressed, with great honor, a wholehearted welcome to the high-level NPC delegation with Comrade Wang Hanbin as head. He hailed this first visit to Laos by the said high-level NPC delegation of the friendly country as a new token reflecting the development and expansion of the relations of close

friendship and comradeship and all-around cooperation between the parties, states, and fraternal peoples of the two countries of Laos and China. He particularly noted that the visit has significantly contributed to further strengthening the relations of friendship and cooperation in all respects and under various effective forms between the legislative organizations of the two countries.

Prior to paying the call on Comrade National Assembly Chairman Saman Vi-gnaket, the high-level NPC delegation of China held an official meeting with a delegation of our Lao National Assembly led by Comrade Vongphet Sakeu-yachongtoua, member of the LPRP Central Committee and vice chairman of the National Assembly. In the meeting, the two delegations exchanged views and informed each other of the general situation in their respective countries. They particularly exchanged views and experiences on socioeconomic development and working activities of their legislative bodies. The two sides also discussed further steps to strengthen cooperation and mutual assistance between the legislative institutes of the two countries in the present and in the immediate future. In addition, they exchanged views on the international and regional situations of common interest with a view to maintaining peace and stability in the region and the world.

Comrade Li Jiazhong, ambassador of the PRC to Laos, accompanied the NPC delegation in paying the courtesy call on Comrade Saman Vi-gnaket.

Later, on the evening of the same day, Comrade Vongphet Sakeu-yachongtoua held a banquet in honor of the high-level Chinese NPC delegation. The banquet proceeded in a warm and joyous atmosphere. The high-level NPC delegation of the PRC arrived in Vientiane at noon on 28 November.

Cooperation Pact Signed With SRV TV Delegation

BK2911052794 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 28 Nov 94

[FBIS Translated Text] A cooperation memorandum for 1995 between the Lao National Television Station and the Vietnamese National Television Station was signed in a ceremony at the Information and Culture Ministry in Vientiane on the afternoon of 27 November. Signing for the Lao side was Bounteng Vongsai, deputy minister of information and culture, while signing for the Vietnamese side was Ho Anh Dung, general director of the Vietnamese Television Station. The signing was held in the presence of Osakan Thammaveva, minister of information and culture, and Bui Van Thanh, ambassador extraordinary and plenipotentiary of the SRV to Laos, along with cadres concerned from both sides.

In 1995, the cooperation will focus on the exchange of television programs and increasing information on Lao-Vietnamese ties of friendship. Regarding this, special television programs will be presented on the grand

festivals of the Lao People's Democratic Republic [LPDR] and the SRV in 1995. These occasions include the 105th anniversary of President Ho Chi Minh's birthday, the 20th anniversary of the LPDR, the 40th founding anniversary of the Lao People's Revolutionary Party, the 50th anniversary of the establishment of the SRV, and the 65th founding anniversary of the Communist Party of Vietnam. The two sides have also agreed to jointly produce one video film in addition to stepping up the exchange of television programs through satellite [word indistinct] where there are no service charges. They have also agreed to exchange a number of delegations of technicians to exchange experiences.

Agriculture Minister Leaves for Australia

BK2611141894 Vientiane KPL in English 0929 GMT 26 Nov 94

[FBIS Transcribed Text] Vientiane, November 26 (KPL)—The minister of agriculture and forestry, Sisavat Keobounphan, left here yesterday for a visit to New South Wales (Australia) at the invitation of this Australian State's Ministry of Land and Water Resources Development.

The Lao delegation will seize this occasion to learn from New South Wales' experience in the development of forest and water resources. The Lao minister of agriculture and forestry will also meet the state minister and officials to discuss the perspective of developing relations and cooperation between New South Wales and Laos. Mr. Sisavat Keobounphan and his delegation will also visit the agriculture and forestry research institute, the production bases and irrigation project in New South Wales.

The delegation was met at Wattai Airport by Phimpha Thepkhamheuang, deputy minister of agriculture and forestry, the officials of the said ministry and the ambassador of Australia to Laos Rich Roland.

More Refugees Repatriated From Thailand

22 Nov
BK2511132594 Vientiane KPL in English 1005 GMT 25 Nov 94

[FBIS Transcribed Text] Vientiane, November 25 (KPL)—The repatriation of 98 families of 459 Lao refugees in Thailand was welcomed in Houai Sai, Bokeo Province, on November 22.

The repatriates will be moved to the destinations selected by themselves. 60 families of 331 repatriates will settle down in Bokeo Province, 17 families of 123 repatriates in Luang Prabang Province, and one family of five in Oudomsai Province. [figures as received]

According to the figures of the United Nations High Commissioner for Refugees (UNHCR) approved by the tripartite meeting of Laos, Thailand and UNHCR held in Pattaya, Thailand, between 26-28 July 1994, there are

14,000 Lao refugees in Thailand of which 80 [figure as received] are of the Hmong ethnic group.

Bolikhamsai Province Reports Rice Shortage

BK2511121594 Vientiane KPL in English 1007 GMT 25 Nov 94

[FBIS Transcribed Text] Vientiane, November 25 (KPL)—The harvest of the upland and rain-fed rice crop in the central Province of Bolikhamsai is expected to amount to 42,891.5 tons of paddy, falling behind the target by 10,864 tons. The shortfall is due to the damages to 3,395 ha rice fields during this year's rainy season by floods. Thus only 12,694 ha of the total transplanted fields is left for harvest.

The upland rice harvest of 11,629 ha is completed.

Taking into consideration the population of 153,406, the per-capita yield is expected at 350 kg of paddy per year. Hence, a shortage of rice is looming over this province for three months.

In the neighbouring Province of Khammouane, the harvest is 90 [percent] completed out of the rice fields of 25,888 ha that can be harvested. The total output is expected at 60,179 tons of paddy with an average yield of 2.29 tons per ha.

Philippines

Editorials View Rejection of ACSA With U.S.

BK2811132594

[FBIS Editorial Report] Two Manila newspapers—MANILA CHRONICLE and PHILIPPINE DAILY INQUIRER—carry editorials on 23 November dealing with the proposed Acquisition and Cross-Servicing Agreement, or ACSA, with the United States.

Manila MANILA CHRONICLE in English on 23 November carries a 602-word editorial on page four entitled: "Treading Carefully on the Defense Logistics Deal." It briefly explains that the draft agreement was rejected by Defense Secretary Renato de Villa because he detected "vague" provisions in the text and thought the arrangement might "violate the Constitutional provisions against nuclear weapons and the stationing of foreign troops."

The editorial welcomes such caution, adding: "However, shorn of any direct or indirect provisions that would violate the spirit and letter of our Constitution, ACSA should be something wise to consider in the light of our own and the region's security needs. ACSA is basically a mechanism to help solve the logistics problem of both sides after the 1992 withdrawal of U.S. troops. In our case, we have found it harder and harder to afford the military equipment the Armed Forces needs to become a credible external defense force. For the United States, the problem is how to get its supplies to deployed units."

After noting the potential benefits of the proposed arrangement, the editorial concludes: "Aside from the obvious economic and military benefits of the agreement to the Philippines, the ACSA should be seen as our contribution to providing security that is a key to maintaining stability in the region. As ASEAN evolves its own security arrangement through the ASEAN Regional Forum, there is still a need for some form of U.S. military presence to prevent a power vacuum in the region."

Manila PHILIPPINE DAILY INQUIRER in English on 23 November carries a 282-word editorial on page eight entitled: "Reinventing the Bases." The editorial says: "As far as the Philippines is concerned, any arrangement that reinstalls the bases in Philippine waters or on land in whatever euphemism they are labeled is unacceptable. What should be clear to the United States is that among America's Cold War allies, it is only the Philippines that decided to end the bases and that anti-bases sentiment still runs deeply and strongly."

The editorial notes the enduring mutual defense treaty with the United States that serves as "the framework for bilateral military cooperation in the post-bases period." The editorial believes the treaty may have value as a vehicle for modernizing the Philippine armed forces, but that instead "the treaty is serving as the vehicle in which new security schemes are being processed or percolated."

The editorial continues by noting the rejection of U.S. military installations by neighboring countries. It cites the ambiguous terms of the U.S. proposal, and concludes: "The fact that they are ambiguous gives us more reason to be suspicious that the new proposal is merely a reinvented version of the bases."

Territorial Dispute in South China Sea Viewed

Officials 'Confident' on Spratlys

BK2911042294 Manila MANILA STANDARD in English 25 Nov 94 p 4

[Report by Merlinda Manalo]

[FBIS Transcribed Text] The Department of Foreign Affairs remains confident that negotiations between China and Vietnam over their territorial disputes in the South China Sea would be confined only to the Paracels and not to the Spratly Islands, in which the Philippines is also a claimant.

"We can only assume that they are conducting talks on a bilateral level, meaning that these concern only areas where the two countries have overlapping claims," Foreign Affairs Secretary Roberto Romulo said.

President Ramos Wednesday announced that the China-Vietnam deal was a welcome development since this would help improve stability in the region.

In a joint communique issued during the visit of Chinese President Jiang Zemin to Vietnam, the two countries said they had agreed to start talks to settle their territorial disputes. The agreement included the setting up of an experts committee from both countries to study the joint development of the potentially oil-rich area, which may include the Spratlys.

Foreign Affairs Undersecretary Rodolfo Severino reacted with caution over the China-Vietnam deal. "I haven't received a formal report yet on the details of the talks. But if they are talking about joint development, then this should pertain only to the Paracels and not to the Spratlys because there are other claimants in this area," he said.

Aside from China, Vietnam and the Philippines, the Spratlys are also being claimed by Brunei, Malaysia, and Taiwan.

The Paracels, which is also in the South China Sea, is being contested only by China and Vietnam. The two countries have also disputed land borders and the demarcation of the Gulf of Tonkin, whose waters they share.

Romulo said claimant-nations to the Spratlys would announce soon a joint marine research project in the area. Romulo said he was confident that China and Vietnam would also participate in the joint venture, aimed at defusing tensions in the potentially oil-rich islands.

Claim to Sabah, Spratlys Stands

BK2911121294 Quezon City PTV-4 Television Network
in Tagalog 0500 GMT 29 Nov 94

[FBIS Translated Text] Foreign Affairs Secretary Roberto Romulo assured that Philippines' claim to Sabah and the Spratlys stands and is not affected by the effectivity of the UN Convention on the Law of the Sea [UNCLOS]. Senate Foreign Relations Committee Chairman Blas Ople says the UN convention could give way to mapping of new boundaries and that this might also lead to resolution of conflicts in the Spratlys.

[Begin recording, in progress] [Romulo, in English] ...we have views that nothing on UNCLOS. What is important is we view ourselves as an archipelagic state as defined by UNCLOS, and this has social, economic, and security implications. So, I am delighted that the Senate has agreed that we will work together and to come up with as wide and as flexible as a position so that we can look at this as a national consensus or strategy, or basis from which to negotiate with others on a bilateral and multilateral basis.

[Ople, in English] I think we have to redraw division lines to take advantage of the opportunities available to us on the UNCLOS. [end recording]

Ramos Approves Major Development Projects

BK2911052594 Manila MANILA BULLETIN in
English 24 Nov 94 pp 1, 20

[FBIS Transcribed Text] President Ramos approved yesterday five development projects worth P21.8 billion [Philippine pesos] which he said will help speed up the development momentum, rural electrification, and enhancement of the health of women.

The five are the Northwestern Luzon Transmission Line, the Cluster C substation expansion, the women's health and safe motherhood project, the Second Rural Finance Project, and the Radar Raingauge Project in Central Luzon.

National Economic and Development Authority (NEDA) Director General Cielito Habito said that the 225.97-kilometer extra high-voltage transmission line traversing the Labrador, San Manuel and San Jose substations to convey power from the 600-megawatt [MW] Masinloc and 1,000-MW Sual Coal Power Plants to the Luzon grid has an estimated cost of P14.44 billion, consisting of \$376.45 million in foreign exchange and P3.15 billion in local counterpart fund.

The Cluster C substation expansion project, which is part of the National Power Corp.'s transmission line/substation development program, is envisioned to meet future increases in power demands in Regions III and IV. Its estimated cost is P447.39 million, of which \$13.18 million is foreign exchange and P78.35 million local counterpart.

The Women's Health and Safe Motherhood projects logistics system support component targets women particularly those in their reproductive ages. The project tasks the Department of Health to maximize the use of private distributors for the delivery of primary medicines to local government units and the intended recipients.

The Second Rural Finance Project aims to facilitate linkage between agriculture and industry through financing of complementary activities such as agro-processing and post-harvest operations. It also aims to support the development of credit through additional funds for the Countryside Loan Fund and the establishment of a retail cofinancing fund with the Land Bank of the Philippines.

Habito said the proposed World Bank loan for the project is \$150 million.

The Radar Raingauge System in Central Luzon will be installed with equipment and training for rain monitoring and forecasting within a 120-kilometer radius around the base station in San Rafael, Bulacan.

The project is aimed at minimizing loss of lives and mitigating damages to property due to typhoons, floods, and lahar mudflows through timely flood forecasting and effective warning systems.

Total project cost estimate is P283.905 million, of which P280 million is the peso equivalent of the foreign exchange component and P3.905 million is the local counterpart fund.

Meanwhile, the Senate hopes to pass the 1995 National Appropriations Act on third reading by 8 December for its possible signing by President Ramos before Christmas.

Budget Secretary Salvador Enriquez, Jr. told the Cabinet meeting Tuesday the deliberations by the bicameral conference committee on the P384.7-billion budget is scheduled from 12 to 15 December.

"If the Senate keeps its schedule, we can expect that the president will sign the 1995 General Appropriations Act (GAA) during the third week of December, probably, before Christmas," Secretary Enriquez told the Cabinet.

Anticipating the enactment of the budget, Enriquez said his department is now simplifying budgetary procedures to help facilitate timely project implementation next year, including the early release of funds by December.

Thailand

Parliament Grants Approval for Joining WTO

BK2611095694 Bangkok BANGKOK POST in English 25 Nov 94 p 15

[FBIS Transcribed Text] Parliament yesterday ratified the World Trade Organisation (WTO) agreement and gave the green light to the Government's proposal to become a member. The ratification follows Deputy Prime Minister Dr Suphachai Phanitchaphak's clarification to parliament of the pros and cons in applying for membership.

This was the first time developing countries were allowed to take part, as in the past, only developed countries made and abided by such agreements, he said. However, this time Thailand played a key role in the agreement, especially on reducing tax on agricultural commodities.

It is also the first time where the Japanese and Koreans have opened up their markets. Developed countries have to cut subsidies which could open new opportunities for agricultural exports, said Dr Supachai.

The abuse of labour, environmental deterioration and human rights are common issues encountered by developing countries in the Asian region, but the WTO has not imposed penalties for them. Also when developing countries become WTO members, there will be discussions to solve these problems, he said.

Dr Supachai said if Thailand subscribed to the WTO later then the country will lose opportunities to competing on the world market. However Thailand will be effected by opening up to exports, especially as concerns its rice, soy bean, maize, palm oil, and sugar markets.

Nevertheless, the country will gain substantially, as Thailand produces sugar and cassava at a cheap price.

Furthermore, Thailand must change its export structure away from manufacturing agricultural commodities to livestock, as the price of animal feed, such as soy beans, will become cheaper.

However, the Government must still use the Agricultural fund to subsidize commodity prices and animal research. The WTO disagrees with subsidies that distort market mechanisms, but support those related to research and development to cut production costs, he said. Dr Suphachai said in this respect, Thailand will stand to gain from WTO membership, as 70 percent of the country's income is derived from agriculture, he added.

Currently, Thailand is speeding up the appointment of a Thai ambassador to the WTO to look after the country's interests in world trade. Thailand is strong agricultural producer and sought to become chairman of the WTO agricultural committee in the past. As the region's leading agricultural producer, the ASEAN group will support Thailand in this respect. A senior official from Thailand will be appointed to take care of this position, added Dr Suphachai.

He noted that there were concerns the European Union would use labour and environment issues to bloc Thai imports. However, the US has agreed discussion will only cover workers' basic rights and human rights will not be used for leverage in trade negotiations. [sentence as published]

The opening up of such service sectors as insurance has not been incorporated into the General Agreement on Trade and Service (GATS) yet, but discussions may occur by mid 1995, with implementation taking effect in five years, he said. As insurance premiums are now high in Thailand, the opening up of the service sector to foreign competition will result in Thai consumers receiving better services at lower prices.

Dr Suphachai has requested parliament amend the customs laws and others, before January, 1995, to support the country's move into the WTO.

Dr Tirana Phongmakaphat, adviser to Dr Supachai, said if Thailand ratifies WTO membership by January 1995, the country could reap the benefits of being a pioneer member. If there were trade conflicts, then Thailand could appeal to WTO mechanisms to resolve the conflicts, he said.

Also, membership of the WTO will not affect Thailand's most favoured nation status, even if the US resigns from General Agreement on Tariffs and Trade (GATT).

U.S. Anti-Dumping Law Worries Pineapple Exporters

BK2711061994 Bangkok MATICHON in Thai 26 Nov 94 p 17

[FBIS Translated Excerpt] Commenting on the problem of Thai pineapple exports to the United States, a

at the Association of Food Processing Industry said that Thai products remained a target of the U.S. anti-dumping law. Thailand has unilaterally been targeted by the United States, which has refused to take into account other factors regarding trade and investment. In fact, U.S. pineapple industries failed to cope with imports from Thailand and several factories were forced to close down operations.

U.S. manufacturers accused Thailand of market dumping. Thai exporters fear that the U.S. Trade Department might listen to charges about market dumping by Thai exporters. Thai exporters therefore want the government to speed up negotiations with the U.S. authorities and to explain to the latter that the prices of Thai products are controlled by the market mechanism. Thai products are sometimes sold at prices higher than U.S. goods.

Thai exporters also fear that any failure in negotiations with the United States might encourage Thailand's rivals, Indonesia and the Philippines, to intervene more in the market. The source appealed for cooperation among the 20 Thai factories while the government is engaged in negotiations. "So long as there is no help from the government, the industry will continue to face certain problems as it serves as a link between agriculture and other industrial sectors. This industry is part of the food security reserve arrangements program of the ASEAN," the source noted.

Asked about the trend of pineapple production and marketing in 1995, the source said we must first find out whether the demand will remain steady. There is a demand of about 100 million boxes annually. A 1-2 percent increase over this would be good. However, Thai exports, which account for about 50 percent of the global demand, would be in jeopardy if there were any problem with U.S. markets. Even with a slight reduction in exports, to about 40 or 45 percent of the global demand, Thailand could risk being replaced by Indonesia or the Philippines, which are not subjected to the anti-dumping law. [passage omitted]

Insurance Branch Offices Reported Likely

BK2311165294 Bangkok KANNGOEN THANAKHAN
in Thai Nov 94 pp 69-73

[FBIS Translated Text] A source in the Commerce Ministry told KANNGOEN THANAKHAN that Commerce Minister Uthai Phimchaichon has adopted a clear policy to help Phaisan Insurance Company open 11 branch offices in Thailand.

This problem involving Phaisan Insurance Company arose in 1981 when the company first sought official permission for branch offices in Thailand. Pho Chankommon, director of the Insurance Department, recommended to former Deputy Commerce Minister Thawi Kraikhup, who was in charge of insurance affairs, that Phaisan Insurance Company's request be rejected.

The major shareholder of the Phaisan Insurance Company is AIG (American International Group) of the United States, the parent company of leading life insurer American International Insurance (A.I.A). If Phaisan Insurance Company is allowed to open branch offices, it might be able to dominate the non-life insurance market and cause problems for Thai insurers.

Despite the rejection of its first application, Phaisan Insurance Company made several new attempts to win a green light from the Commerce Ministry, especially during the tenure of Minister Uthai Phimchaichon following the amendment of the Non-Life Insurance Act in 1993. The company sees good prospects, as Article 7 of the insurance law states that branch offices of non-life insurance company means offices which are separate from head offices and receive subsidies from parent companies. They can be called either branch offices or representative offices.

In the case of Phaisan Insurance Company, the company has 11 representative offices operating with subsidies from the head office. Therefore, these representative offices should be regarded as its branch offices. Hence, Phaisan Insurance Company has sought approval from the Commerce Ministry to upgrade its representative offices into branch offices.

The petition submitted by Phaisan Insurance Company has brought about several legal difficulties for the Commerce Ministry. In particular, the law does not allow foreign insurance companies to open branch offices in the country. The new non-life insurance law states that a foreign non-life insurance company means a company with foreign ownership of 25 percent or more. Since 99.84 percent of Phaisan Insurance Company's equities is owned by foreigners, it should be regarded as a foreign company.

There are other provisions which can be quoted to prove that Phaisan Insurance Company is a Thai national company because it is registered in accordance with the Civil and Commercial Code. Relying on provisions of certain laws, Phaisan Insurance Company can open its branch offices.

Therefore, the Commerce Ministry had to pass the whole issue to the secretary general of the Juridical Council to give the answers to these two questions:

1. Is the insurance business regarded by Revolutionary Order No. 281 as a career reserved for Thai nationals?
2. Is Phaisan Insurance Company a Thai or foreign company under the Non-life Insurance Act of 1993?

The Juridical Council later asked the Commerce Ministry to state exactly what it wanted to know. The Commerce Ministry then asked the council to say whether or not Phaisan Insurance Company is entitled to benefit from the Thai-U.S. Treaty of Amity and Economic Relations in its bid to open branch offices in Thailand.

The council held a plenary session chaired by Luang Atthasit and ruled that Phaisan Insurance Company could not open its branch offices and was not entitled to receive any privileges from the Thai-U.S. treaty.

The source noted that the real reason behind the rejection of Phaisan Insurance Company's application for opening branch offices is the fear of two adverse impacts on the non-life insurance business of the Thai nationals.

1. Phaisan Insurance Company might be able to capture a larger market share and expand its service areas if it is allowed to open more branch offices in the country.

2. The AIG has been engaging in many other businesses in Thailand. For example, A.I.A. is controlling more than 50 percent of the life insurance market while New Hampshire Insurance Company is also doing non-life insurance business here. Therefore, if Phaisan is allowed to open its branch offices, the three companies might join hands to monopolize the Thai insurance market.

The source said: "This is the very reason for the rejection of Phaisan Insurance Company's request. It is feared that Phaisan will cooperate with New Hampshire and A.I.A to monopolize Thailand's insurance market."

In wake of the Juridical Council's ruling, many people pointed out that if Phaisan Company is not allowed to open branch offices here, trade between Thailand and the United States can be in trouble because its parent company, AIG, is the supporter of President Clinton's Democrat Party.

Subsequently, the Commerce Ministry has been trying to come up with the new interpretation of the laws in connection with the opening of branch offices of insurance companies with foreign shareholders. In so doing, it has discovered that six other insurance companies have foreigners holding more than one-fourth of their total equities.

The six companies are Guardian Insurance Company—49 percent foreign-owned; Commercial Union Insurance Company—49 percent foreign-owned; New Zealand Insurance Company—49 percent foreign-owned; Bangkok Insurance Company—29.99 percent foreign-owned; China Insurance Company—48.67 percent foreign-owned; and Simuang Insurance Company—28.025 percent foreign-owned.

Since the six companies have foreigners holding more than one fourth of their equities, they must be regarded as foreign firms and cannot open branch offices in Thailand.

The discovery of these six insurance companies led to new problems. The three companies which are 49 percent foreign-owned claimed that they came to do business here at the invitation of the government to promote foreign investment in this country and said it is not right to cite the proportion of their foreign shareholders in not allowing them to open their branch offices.

Meanwhile, the other three companies can solve the problem by reducing their proportions of foreign shareholders. China Insurance Company has no plans for opening any branch offices in Thailand.

The next step by the Commerce Ministry was to forward the Phaisan Insurance Company case to the cabinet for deliberation. It provided information to prove to the cabinet that the opening of branch offices of Phaisan Insurance Company will not affect the insurance business of Thai nationals and it is difficult for the company to seize the market.

At present, there are a total number of 67 non-life insurance companies operating in the country while the market share for foreign insurance companies is only 0.16 percent.

The premiums collected from the entire system can be categorized as follows: 62 percent from car insurance; 20 percent from fire insurance; 15 percent from miscellaneous insurance; and 3 percent from marine insurance.

Considering the current situation, foreign insurance companies cannot easily dominate Thailand's insurance market. For instance, companies selling car insurance must establish close contacts with garages and Thai clients. For this reason, Thai insurance companies are capable of controlling nearly the entire market. As for fire insurance, clients of fire insurance are normally big companies which will buy insurance policies from the companies associated with the banks they received loans from for doing their businesses.

Moreover, the Insurance Department will take the necessary precautionary measures to prevent the AIG-owned companies, namely Phaisan Insurance Company, A.I.A., and New Hampshire Insurance Company, from monopolizing the country's insurance market.

Therefore, the cabinet decided to hand the case of Phaisan Insurance Company to the Economic Relations Policy Committee for reconsideration.

The committee held a meeting and recommended that Phaisan Insurance Company be allowed to open branch offices to avoid unfavorable impact on Thai-U.S. trade.

In addition, Article 115 of the Non-Life Insurance Act stipulates that insurance companies having offices separate from the main office can apply for permission to upgrade such offices into branch offices within one year after the enforcement of the law. Phaisan Company has already requested permission for upgrading its 11 representative offices.

The Juridical Council will be asked to interpret Article 115 again before the final decision regarding Phaisan Company will be made.

The source said: "We hope that the matter will be settled. The problem of Phaisan Insurance Company will be solved."

Chai Sophonphanit, chairman and director general of Bangkok Insurance Company told KANNGOEN THANAKHAN that his company is studying ways to reduce foreign shareholding. The company will raise its registered capital from 200 to 240 million baht through selling shares worth 40 million baht to Thai nationals. By so doing, the proportion of foreign shareholding will be 25 percent.

The company is considering issuing warrants for Thai shareholders and will make efforts to protect the interests of foreign shareholders. Meanwhile, the Insurance Department's move to liberalize the insurance market might lead to the amendment of related laws governing the shareholding ratio. The company's board of directors will meet in late November to discuss this issue.

Chai believed that the long-standing good relations between Thai insurance companies and their clients will make it rather difficult for foreign companies to seize the market.

Mr. (Nick J. Helm), general manager of New Zealand Insurance Company (Thailand) Limited, disclosed that the company has a branch office in Chiang Mai Province and plans to open more in the next two years. He said he believed that the case of Phaisan Insurance Company will be settled within the next two years.

He said: "It is unfair to include us with the group of Phaisan Insurance Company because we have been doing everything according to the law. The government encouraged us to turn ourselves into a Thai company with the Thai-foreign shareholders ratio of 51:49. We met with the Juridical Council a few times but did not say much. We do not intend to make any complaints. We will give them our explanation if chance permits."

Mr. (Helm) said his company has not yet decided what to do. However, he believed that the government will not force the company to lower the foreign shareholding proportion because the General Agreement on Tariffs and Trade promotes foreign investment and the ratio of foreign shareholding is likely to be increased from 25 percent.

Daily Comments on Massacre of Thais in Cambodia

BK271110094 Bangkok THE SUNDAY NATION in English 27 Nov 94 p A4

[Editorial: "Desperate Khmer Rouge Most Likely Culprits in Massacre?"]

[FBIS Transcribed Text] In the five days since Sikho Buachun emerged from the Cambodian jungle with a bullet hole in his shoulder and a tale of Khmer Rouge murder, the story of what really happened in his logging camp in Preah Vihear Province has become lost in a morass of conflicting reports and speculation.

Sikho, a worker with a Thai logging company, BLP, said that armed men claiming to be Khmer Rouge guerrillas entered his camp some time between November 17 and 20, rounded up the loggers, and marched them into the jungle. He said that the gunmen opened fire on their captives after Sikho's bosses failed to come up with the 5 million baht they had demanded in ransom. He and five others however managed to escape in the ensuing chaos.

Since then an additional 10 workers have also made it across the border, leaving 15 still unaccounted for. According to different reports, the survivors were either immediately taken away by the Army for questioning or sent to an isolated logging camp by BLP and told not to talk to the press.

The Khmer Rouge denied they had anything to do with the massacre, calling it a "fabricated, cheating, and common ploy" to discredit them—not that there is much left of the Khmer Rouge's record that isn't already utterly discredited. Evidently unsympathetic Cambodian generals confirmed the killings and laid the blame on the rebels, saying that this should be a warning to Thais not to do business with the outlawed rebel faction.

Thai army chief Gen. Wimon Wongwanit said the Thais might have been killed over a business dispute, possibly by other Thais logging illegally in Cambodia. The government in Bangkok initially pointed the finger at an ambiguous group of Cambodian "officials" but has since said it believed the Khmer Rouge was responsible.

While much of the story remains to be filled in, one thing is certain: a high number of Thais have been slain while working a logging concession in Khmer Rouge-held territory.

If the massacre was the result of a business conflict, then it will go down as just one more murderous episode in the already blood-soaked history of cross border timber trading.

Should Cambodian regular soldiers have been involved then obviously Thailand must demand that justice be done and the perpetrators be brought to justice.

But if it turns out that the killings were ordered by the Khmer Rouge more will have to be done.

Intercepted Khmer Rouge cables released recently by the Phnom Penh government show that in the case of the three foreign tourists who were executed recently in southern Kampot province, the kill order came from the very top of the guerrilla organization. The high leadership is also believed to be responsible to giving the go ahead for the massacre of 50 Cambodian bamboo cutters who had strayed into a guerrilla area two weeks ago. Similarly, it is inconceivable that Khmer Rouge foot soldiers would have massacred so many Thais without higher authorization.

Phnom Penh generals claim the order to execute the Thais came from Ta Mok, the notorious one-legged army

commander held responsible for some of the worst abuses during the "killing fields" years. Ta Mok is also widely believed to have business interests in Sisaket province.

Massacres of ethnic Vietnamese have been a traditional part of Khmer Rouge policy since their founding days. But guerrilla attacks against Cambodian civilians and other foreigners are a much newer phenomenon—at least since they claimed to have mended their ways after 1979—and suggest the group is getting more and more desperate as defections thin its ranks and the Thai government's clampdown on the border brings new strains to bear on its support structure.

Despite the woeful incompetence of its army, the Cambodian government appears to be finally winning the war against the insurgency. Thailand's official position is that the civil war in Cambodia is an internal affair and one that it will not involve itself in, at least not in the active fashion of the US, Australia and France and even other Asean states such as Indonesia—all of which are providing military training to the Cambodian army.

But with the Khmer Rouge now apparently beginning to feel the bite of the closed border, Bangkok must be ever more vigilant.

Despite Thailand's assurances to the contrary, it is obvious that Thai companies such as BLP are continuing to do business with the guerrillas. By doing so, they are not only endangering the lives of their workers but the name of Thailand as well.

All the indications are that the noose is closing around the neck of the Khmer Rouge. The government must now do everything it can to make sure nothing impedes the slow but sure throttling of life out of this barbarous group.

Commerce Ministry To Maintain Export Target

BK2611134594 Bangkok THE NATION in English 26 Nov 94 p B2

[FBIS Transcribed Text] The Commerce Ministry has set Bt1.3 trillion for the export target for next year, or a 16.6 per cent increase from 1994, it announced yesterday.

Thailand is, therefore, expected to achieve the export target of Bt1 trillion for the second year in a row in 1995. The Commerce Ministry earlier this week celebrated the achievement of Bt1 trillion in exports in 1994, the first time the country has reached this figure.

According to a release from the Commerce Ministry, Thailand exported products in the first 10 months worth Bt915 billion, and is expected to reach Bt1.1 trillion, thus exceeding the Bt1.06 trillion original target.

The Commerce Ministry will organize a seminar on the export target this weekend to review the past performance and also set the target for next year.

The statement from the ministry said that the export value of agricultural products will expand to Bt175 billion, or up 7.3 per cent from this year.

The agro-industry export value will increase to Bt102 billion, up 13 per cent from the previous year.

Manufactured goods exports will expand to Bt715 billion, an increase of 12 per cent.

Mineral products and fuel will go up to Bt5.2 billion, up 13.5 per cent. And the value of "other goods" exports will increase to Bt300 billion, or up 36.1 per cent.

Top 20 items are garments, automatic data processing machines, jewellery, electronic integrated circuits, frozen shrimp, plastic products, rubber, rice, footwear and parts, canned sea food, radios and television receivers, video recorders, tapioca, sugar cane, fabrics, furniture, air conditioners, rubber products, printed circuits and travel goods.

Meanwhile, Thailand's imports will go up to Bt1.5 billion, an increase of 15 per cent over this year.

Thailand's economic expansion, the world economic recovery, increasing purchasing power due to the salary increase among government officials, and investment by both the private and public sectors will contribute to Thailand's higher exports.

However, there are also unfavourable conditions: higher inflation in both developing and developed countries; higher interest rates around the world; a possible increase in oil prices; and higher wages in Thailand which will damage its competitiveness.

Chawalit's Party Said Ready To Quit Government

BK2711091094 Bangkok THE SUNDAY POST in English 27 Nov 94 pp 1, 3

[FBIS Transcribed Text] Although he is ready if necessary to leave the Government and "start over again at zero", Interior Minister Chawalit Yongchaiyut wants the Government to continue in office for the sake of the continuity of the country's administration.

The New Aspiration Party [NAP] leader made the remarks during a speech in Phatthaya to high-level administrators of the Community Development Department.

Gen Chawalit said he was not sure how long he would remain in the Government as Interior Minister while the conflict continued between his party and the rest of the Government over Articles 198 and 199 of the Constitutional Amendment Bill, which require all members of local administrations to be elected.

Gen Chawalit said decentralisation of power did not mean that local administration members had to be elected at all levels.

The important thing was that people in each locality should be given the power of "self-administration". There was still a lack of understanding this point, he said.

In a separate interview, Gen Chawalit reaffirmed his stand on the two articles and his intention to allow tambon and village headmen to be automatically part of tambon administration organisations.

He said he had not come under pressure to act, and denied that NAP MPs would sign a letter calling on him to withdraw from the Government.

The NAP leader drew criticism from MPs in the coalition, especially the Democrat Party, when he refused to accept a Cabinet resolution supporting the scrutinised versions of Articles 198 and 199, saying the Cabinet resolution was "not a god".

On Democrat Party spokesman Akhom Engchuan's comment that the NAP should consider its position, Gen Chawalit said he paid no attention to it.

The current confusion was caused by people speaking on the same matter at different times, he said.

He said he would carry out his duties to the best of his abilities right up to the last minute, "based on principle and righteousness".

Meanwhile, Democrat Party MPs lashed out at Gen Chawalit for his comment on the Cabinet resolution.

Niphon Bunyamani said Gen Chawalit's remark was inappropriate and "severely subversive to government stability".

"How can a person holding a ministerial post talk like that? Who can have faith in a Cabinet resolution any longer when a minister says it's just a piece of paper?

"A Cabinet resolution is equivalent to a law. His remark will only cause problems in the country's administration."

The Songkhla MP said it was now time for the Prime Minister to ask Gen Chawalit whether or not his party wanted to remain as part of the Government.

"If not, the NAP should go. If the NAP still wants to be in the Government, Gen Chawalit should not say anything like that again."

People are now concerned about the stability of the Government when they see Gen Chawalit, head of an important ministry and leader of a coalition party, bringing in demonstrators, he said.

"It's now time to do something about Gen Chawalit and the NAP," he said. "At the party's meeting on November 29, I will ask the party to take into consideration the conduct of Gen Chawalit and the NAP. The Democrat Party must do something resolutely."

Mr Akhom, Democrat Party spokesman, said Gen Chawalit made his remarks probably because he had not attended that Cabinet meeting.

He said the NAP's proposal for a free vote on Articles 198 and 199 was not acceptable.

He said: "At some point the NAP must make a decision. If it wants to remain in the Government, it must vote as decided by the government whips.

"I think the NAP is no longer keen on staying on as part of the Government, but is waiting for the Democrat Party to tell it to go. Ethically, the Democrats can't do that."

On a suggestion that Gen Chawalit had tried to avoid meeting in person with Mr Chuan, Mr Akhom said the NAP leader might be trying to settle differences within his own party.

"The NAP still has time, from now until Articles 198 and 199 are debated in Parliament, to make a political decision. The decision may be made known in the middle of Parliament," Mr Akhom said.

Deputy Prime Minister Banyat Banthatthan, deputy leader of the Democrat Party, declined to comment on the NAP's stance, saying only that in practice a decision by government whips must be complied with and a party in the coalition usually followed the whips' line in voting.

Vietnam

Deal With DPRK Barter Rice for Arms Parts

OW2611125694 Tokyo *MAINICHI SHIMBUN* in Japanese 26 Nov 94 Morning Edition p 7

[FBIS Translated Text] Beijing, JIJI—According to a diplomatic source in Beijing, North Korea and Vietnam recently struck a deal on barter trade under which North Korea supplies Vietnam with weapons parts and ammunition while the latter ships rice to North Korea. Vietnam has so far imported Soviet-built weapons in large quantities. In a bid to save foreign currency, however, it is looking for nations to supply it with ammunition and weapons parts at low prices. Meanwhile, North Korea, suffering from an acute shortage of food, is eager to export weapons which it has manufactured after the model of Soviet-made weapons.

Deputy Premier Meets Mekong Committee Delegates

BK2911051594 Hanoi *Voice of Vietnam Network* in Vietnamese 2300 GMT 28 Nov 94

[FBIS Translated Text] Deputy Prime Minister Tran Duc Luong cordially received yesterday in Hanoi the head delegates of Cambodia, Laos, Thailand, Vietnam, and the United Nations Development Program, UNDP, who were attending the fifth session of the Mekong

working group. Deputy Prime Minister Tran Duc Luong highly valued the role and significance of the group's fifth session and maintained that the agreements reached at the session not only exerted a positive, lasting impact on the lives of peoples along the river but was also proof of a new move that is in keeping with the trend of peace, stability, cooperation, and development in the world and the Asia-Pacific region in general as well as countries in Asia and the Mekong River basin in particular. The deputy prime minister emphatically said: Vietnam will continue to do all it can to strengthen cooperation and friendship, thereby creating a stable environment for regional countries to promote joint development in many fields.

On behalf of the head delegates, Mr. (Dalton), deputy director general and director of the Asia-Pacific region, reasserted that in the new stage, the UNDP would continue to provide practical assistance to the movement for cooperation, development, and prosperity of countries along this largest common river.

VNA Reports Agreement Signing

BK2911141094 Hanoi VNA in English 1226 GMT 29 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov. 29—Cambodia, Laos, Thailand and Vietnam initiated a draft of agreement here yesterday on the cooperation for the sustainable development of the Mekong River basin at the end of the 5th meeting of the Mekong Working Group.

The agreement spells out the objectives and principles of jointly developing the water and related natural resources of the largest freshwater resource in Southeast Asia. Its six chapters establish an institutional framework to implement development plans for the lower Mekong in coordination with the member countries and the international community.

According to the agreement, the Mekong River Commission as an international body will contain three permanent bodies: A Council, for making policies and decision, a Joint Committee, to carry out the policies and a Secretariat. In his speech to the meeting Mr. Nay Htun [name as received], chairman of the working group and Asian-Pacific regional director for UNDP [UN Development Program], states, "the few mechanisms to be established under the agreement would be a role model for other inter-country cooperation ventures".

On the basis of equality of right, the agreement accords freedom of navigation along the Mekong without regard to the territorial boundaries, for transportation and communication and promote broader regional cooperation and development. The four countries will also adopt the concept of the Basin Development Plan, emphasizing projects on a joint and basin-wide basis. This plan is also geared to curb the destructive power of the river during wet season floods.

"Much hard work lies ahead in the initial stages of establishment and growth of the new structures and processes", said Mr. Htun, "I have no doubt that these will be forthcoming and that the participants will always be vigilant not to let minor differences overshadow the fundamental purpose of the agreement".

Speaking on this occasion, Vice PM [Prime Minister] Tran Duc Luong said: "The agreement will serve as a basis for cooperation and stability in the region. The Vietnamese Government highly appreciates the event and commits itself to do its best to get the agreement implemented in order to build Southeast Asia into a stable, cooperative region".

The agreement was the summation of five working meetings and two technical drafting meetings between the four countries over the past 21 months.

French Foreign Minister Concludes Visit

BK2611092894 Hanoi VNA in English 0623 GMT 26 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov 25—French Foreign Minister Alain Juppe left Ho Chi Minh City this afternoon, ending a four-day visit to Vietnam.

During his last two days in Vietnam, Nov 23-24, Mr. Juppe visited Hue and Ho Chi Minh cities where he had contacts with local senior officials. The French chief diplomat and his party attended a seminar entitled 'Businesses-Enterprises and Francophone Community', and called at the Grall Hospital and the Heart Institute in Ho Chi Minh City.

National Assembly Delegation Visits France

BK2711144394 Hanoi VNA in English 1410 GMT 27 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov. 27—A delegation of Vietnam's National Assembly led by Vice Chairman Dang Quan Thuy has paid week-long friendship visit to France.

While in France, the Vietnamese delegation was received by Ms. Nicole Catala, vice chairman of the France National Assembly, and held talks with a delegation of the MPs' group for the France-Vietnam friendship led by its President Claude Goarnien and met with several sub-committees.

During the working sessions with the leading MPs of France Vice Chairman Dang Quan Thuy highly valued the fine development of Vietnam-France friendly relations, and expressed thanks to the government and people of France for their precious assistance to Vietnam in many fields.

Ms. Nicole Catala as well as other leading MPs France said that France would further promote investment in and economic and trade relations with Vietnam, and wished for further development of the relations between

the two legislatures through the exchange of visits and the training of Vietnam's experts. They described the Vietnamese delegation's visit as contributions to the mutual understanding between the two legislatures.

Vietnamese Ambassador to France Trinh Ngoc Thai took part in the delegation's activities.

Russian Duma To Consider Cooperation Treaty

BK2911062294 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 28 Nov 94

[FBIS Translated Text] According a VNA correspondent in Moscow, on 28 November President Yeltsin of the Russian Federation presented to the Russian Duma [National Assembly] for ratification a treaty, which was signed in Moscow on 16 June 1994, on fundamental principles in the relations between Russian Federation and the SRV.

Attached to this document was a letter from President Yeltsin to President of the Duma Rypkin in which President Yeltsin pointed out that this treaty will create a legal basis for the development of friendship and cooperation with the SRV and will serve as a substitute for the Soviet-Vietnamese treaty of friendship and cooperation signed in 1978.

President Yeltsin's letter emphasized: Both sides highly value this new treaty as it will readjust the entire relations between the two countries in accordance with the spirit of a new era and in conformity with the interests of Russia and Vietnam. After a few years of interruption, the relations between the two countries now are developing vigorously.

The letter asserts that in bilateral relations, the new treaty is designed to develop the potentials accumulated from their relations—trade, economic, scientific, technological, humanitarian, and the like—in a mutually beneficial spirit.

In the field of foreign policies, the two sides pledged to make active contributions to the maintenance of world peace and security. The two sides expressed their aspirations to contribute to improve the efficiency of the United Nations and to broaden cooperation in the Asia-Pacific region.

Government Office Delegation Visits Laos

BK2511152994 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 24 Nov 94

[FBIS Translated Text] According to the VIETNAM NEWS AGENCY in Vientiane, the SRV Government Office delegation led by Comrade Minister Le Xuan Trinh, head of the Government Office, paid a working visit to the Lao People's Democratic Republic [LPDR] on 20-24 November at the invitation of Phao Bounnaphon, minister of the LPDR Prime Minister Office.

The delegation held meetings and working sessions with a delegation of the LPDR Prime Minister Office. The two sides informed each other on the implementation of policies on socioeconomic development, especially the comprehensive renovation in each country. They also discussed issues relating to the strengthening of relations and cooperation between the two prime ministerial offices.

On 22 November, Comrade Khamphoui Keoboualapha, member of the Lao People's Revolutionary Party, deputy prime minister, and chairman of the LPDR Commission for State Planning and Cooperation cordially received the Vietnamese delegation. Khamphoui welcomed the visit by the delegation. He considered this an important contribution to the strengthening of the friendship, special unity, and comprehensive cooperation between the peoples of Laos and Vietnam.

Trade Ministry Delegation Visits India

BK2911021994 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Nov 94

[FBIS Translated Text] In implementing an agreement reached between the Vietnamese and Indian prime ministers during Indian Prime Minister Narasimha Rao's Vietnam visit in September of this year, our country's Ministry of Trade delegation led by Deputy Minister Truong Dinh Tuyen paid a working visit to the Indian Ministry of Trade from 24-29 November 1994. A number of Vietnamese business people accompanied the delegation. Our delegation held talks with the Indian Ministry of Trade delegation led by Deputy Minister Tejendra Khanna. The two sides reviewed the implementation of a trade agreement reached by the two deputy ministers of trade in the past and signed a memorandum of understanding on measures to promote bilateral trade ties in the days ahead. While in India, our delegation and business people met with Indian business circles in New Delhi and Bombay.

Protocol on Timber Transport Signed With Cambodia

BK2711143494 Hanoi VNA in English 1406 GMT 27 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov 27—A protocol on the transportation of Cambodia's transit timber via Vietnam was signed here yesterday by Vietnam's Minister of Forestry Nguyen Quang Ha and cabinet minister and special envoy of the two premiers of Cambodia Nheam Van Dar.

The protocol was reached at the end of a talks between the two delegations of the Vietnamese and Cambodian Governments [words indistinct] of Cambodia's timber in transit through Vietnam.

The signed protocol includes legally basic principles on Cambodia's transit timber categories via Vietnam. It also refers to the principles on the timber pulled down in

Cambodia prior to the protocol's signing date and are expected to be transported via Vietnam. It also designates Vietnam's requirements on transport means as well as custom procedures regarding this issue.

Do Muoi Reviews Congress Preparations in South

BK2611092994 Hanoi VNA in English 0623 GMT 26 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov 25—Party General Secretary Do Muoi had working sessions with leading officials of the party committees of Ho Chi Minh City and seven southern provinces from Nov. 7-11 to review the implementation of the resolutions of the 7th party congress and the preparation for the 8th party congress.

He was accompanied by Dao Duy Tung, Politburo member and permanent secretary of the party Central Committee.

General Secretary Do Muoi heard reports on the implementation of the party resolutions especially initial results and existing problems in the implementation of the resolution of the 5th plenum of the party and orientations to carry out the resolutions of the 7th party plenum in Ho Chi Minh City, Ba Ria-Vung Tau, Dong Nai, Song Be, Tay Ninh, Can Tho, An Giang and Tra Vinh Provinces.

The party leader also had working sessions with directors of state-run enterprises, and made a field tour of some enterprises in the state and private economic sectors in Ho Chi Minh City and southern provinces of Dong Nai, Ba Ria-Vung Tau and Can Tho.

Prime Minister Orders Review on Corruption Fight

BK2711124194 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 26 Nov 94

[FBIS Translated Text] To find ways and means to effect a significant change in the implementation of the National Assembly's resolution on practicing thrift, opposing waste, and suppressing corruption and smuggling in 1995, the prime minister has recently instructed various ministers, heads of government agencies at the ministerial level, and chairmen of people's committees of provinces and municipalities directly subordinate to the central government to review results in the implementation of the resolution during the past period.

The government's standing committee for promoting thrift, opposing waste, and suppressing corruption and smuggling is dutybound to help the government monitor, guide, supervise, and control the review of the resolution implementation by various sectors and echelons. The committee must also help the government draft a report on the review and formulate measures to continue carrying out this task in the ensuing years.

People's Council Elections Attract High Turnout

BK2811154994 Hanoi VNA in English 1426 GMT 28 Nov 94

[FBIS Transcribed Text] Hanoi VNA November 28—Last weekend's nationwide election for people's councils at city/province, district and ward/commune levels attracted 97.92 per cent of voters. In 23 cities and provinces, more than 99 per cent of the eligible voters participated. Meanwhile in 12 other provinces, the turnout reached over 98 per cent. The central coastal province of Thua Thien-Hue was ranked first with 99.97 per cent of the eligible voters going to the polls, and the northern mountain province of Cao Bang recorded the lowest percentage, 89.7. Fifty out of 53 provinces and cities in the country (?dually) elected the number of provincial council members as designated. Hanoi capital and Ha Bac northern province each had to organise additional elections for one more member. In general at the district (precinct) and commune (ward) levels, the number of winning council members had high percentage of votes.

According to uncompleted reports from provinces and cities, an increase was recorded in the number of successful candidates who are women, non-party members, and of a young age and with high education standards.

In Ho Chi Minh City, three of six independent candidates were elected to the municipal People's Council while one independent candidate in Ha Tinh was successful and four out of 15 in Quang Nam-Danang were successful. In Hanoi, where 99.55 per cent of the voters went to vote, 84 municipal councillors were chosen out of the 131 candidates. In addition, 315 councillors at district level and 4,937 others at the commune level were elected.

In Ho Chi Minh City, 99.72 per cent of voters went to the polls. Summing up the results of the elections is being speeded up in localities. Some others are busy with the organization of additional elections, and preparation for the first session of the people's councils at all levels.

Radio Calls for Stricter Control of Explosives

BK2711062194 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 25 Nov 94

[Unattributed essay from "Today's Problem" feature]

[FBIS Translated Text] Dear friends: Explosive materials are products that are put under state control from the production stage to usage. However, the control on the circulation and use of explosive materials has been seriously violated. According to official statistics, from 1992 to June 1994, law enforcement agencies prosecuted more than 700 cases involving more than 1,230 people for violations of the state regulations on the control of explosive materials. These cases include the illegal trading of explosive materials in great amounts, such as

that by Thi Van Ty in Ho Chi Minh City with 40 tonnes of explosive materials and Ho Thi Than in Tien Giang with 30 tonnes.

Generally speaking, the trading of explosive materials occurs in all localities, but it is more serious in provinces where coal, ore, and gold are being exploited and in the coastal provinces of Central and Southern Vietnam, where explosives are used to catch fish. The trading also involves some military officers working in explosive materials production factories and public security officials. Some traders in Ho Chi Minh City established connections with officers of the National Defense Industry General Department to import 70 tonnes of explosives. The explosives in circulation at present include explosives stolen by criminals and degraded officials, and ammunition left over from the war.

The illegal trading and use of explosives have caused much material and psychological damage in our society. In 1992-93, between 50,000 to 60,000 people used explosives to catch fish, causing 83 deaths and 89 injuries, sinking 200 boats, and causing incalculable damage to the marine environment. Some people have used explosives to destroy other's property to settle their personal disputes, and criminals have used explosives to rob, murder, and threaten law enforcement officials on duty.

How can we correctly control the use of explosives in production activities by all economic sectors? This issue is clearly defined by our law, which says that only the Ministry of Energy is allowed to manage and supply explosive materials for all economic sectors. The prime minister also issued an official directive on 17 January 1992, saying that the National Defense Industry General Department must not set up a system to supply explosive materials, and all armed units—which are not assigned possession of explosive materials—are banned from trading in explosive materials. This instruction, however, has not been strictly executed. Consequently, some military factories still sell explosive materials, thus helping the illegal trade in and use of explosive materials in our country.

Dear friends, to strictly observe the prime minister's directive and the state laws on the production, circulation, and use of explosive materials, we must recheck all previously promulgated legal documents which are at variance with current state regulations on the management of explosive materials so that explosive materials can be managed in a more uniform manner. We must also strictly deal with state organs and enterprises which allow the illegal circulation of explosive materials. All individuals, including those in any state organ or enterprise, must be executed for their illegal storage, trade in, and transport of explosive materials. Only by so doing, can we gradually restore order and discipline in the fields of the production, circulation, and use of explosive materials to contribute to our socioeconomic development as regulated by the prime ministerial directive.

Construction of Ba Ria Gas Pipeline Completed

BK2811131294 Hanoi *Voice of Vietnam Network in Vietnamese* 0500 GMT 28 Nov 94

[FBIS Translated Text] The pipeline construction enterprise of the Vietnam Oil and Gas Corporation, Petro-Vietnam, has completed construction of the 16.5-km gas pipeline from the Long Hai shore to the Ba Ria Power Plant. The pipeline has a diameter of 406 mm. The enterprise has also completed the installation of machines and equipment at two service stations, one for storing liquid gas and another for gas distribution.

Gap Between Nation's Rich, Poor Said Widening

711061194 Hanoi VNA in English 1413 GMT
26 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov. 26—A recent nationwide survey carried out by the General Department of Statistics shows that while average incomes in Vietnam are increasing, the gap between the rich and the poor is widening.

The survey was based on 91,732 households in seven areas throughout the country, and classified families into income brackets according to average income per capita per month.

The proportion of low-income households in the population has now dropped to 20 per cent, compared with 55 per cent in 1990. Middle income families now account for the largest proportion, 36 per cent, and upper-middle and high income families, 17 per cent and 4 per cent respectively.

Within the rural population, low income families make up 22 per cent, compared with 10 per cent in the urban population. However, the study revealed that a wider income gap now exists and between the rich and the poor, and between the cities and the countryside. Average monthly income per capita in urban areas is around VND 220,000 (USD 22) [figures as received], while in rural areas it is around VND 99,500. In urban and rural areas, high income households earn over 10 times more than lower income families.

New Quarterly Magazine Focuses on Agriculture

BK2711124394 Hanoi *Voice of Vietnam in English*
1000 GMT 26 Nov 94

[FBIS Transcribed Text] A quarterly magazine called VIETNAM RENOVATION will concentrate on the reformation on Vietnam's agricultural industry in its next issue. Topics to be covered include farm produces for export, industrial crops, land management tools, and capital investment. The VIETNAM RENOVATION is published by the VIETNAM TRADE REVIEW in three languages: Vietnamese, English, and Chinese. It aims to assist Vietnam's integration into the world economy and to create international understanding of the country. For that reason, to call attention to Vietnam's renovation, it also concentrates on local capital, cultural tradition, and tourist spots besides economic issues.

Australia**Government Announces Additional Aid to Cambodia****Aid Earmarked for Military**

*BK2911020894 Melbourne Radio Australia in English
0100 GMT 29 Nov 94*

[FBIS Transcribed Text] Australia is to give Cambodia an extra \$5 million [Australian dollars] for military training and demobilization of some Cambodian soldiers. The package will involve \$3 million for defense assistance and \$2 million for job creation and education for demobilized soldiers so they do not resort to banditry. Australia said the demobilization will allow the remainder of the Royal Cambodian Armed Forces to use limited resources more effectively.

A joint statement from Australia's Defense Minister Robert Ray and Foreign Minister Gareth Evans said the aid package did not include lethal aid. The statement said no Australian troops will be involved in supporting or advising the Cambodian Army during combat. Some junior Cambodian officers will be trained in Australia as instructors.

The Australian statement said Indonesia and Malaysia had also indicated they were ready to give training help to Cambodia. Senator Ray and Senator Evans said the Khmer Rouge has diminished in strength, but remained a serious threat to peace and stability. They said the Australian Government would not be deterred by threats from outlaws for providing aid to the legitimate government of Cambodia.

Evans Hopes for Greater Stability

*BK2911061594 Melbourne Radio Australia in English
0500 GMT 29 Nov 94*

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, says he is optimistic that an increase in Australian military aid for the Phnom Penh government will help bring greater stability to Cambodia. Australia is to provide an extra \$5 million [Australian dollars] to improve the training of the Cambodian Army in counterinsurgency techniques. But as Michael Rowland reports, the new assistance could put Australians in Cambodia at greater risk of Khmer Rouge retaliation.

[Begin recording] [Rowland] Foreign Minister Gareth Evans says the Khmer Rouge continues to pose a severe security threat to the Cambodian Government, but it is a threat he believes can be contained by a more effective Cambodian Army. To this end, the new Australian aid will help provide greater military training for Cambodian soldiers in a bid to overcome poor discipline and

morale. Senator Evans is hopeful this will result in the Khmer Rouge being marginalized as an effective fighting force.

[Evans] The containment, I think, can be achieved within the space readily of a year or so, at most.

[Rowland] The minister confirmed the new aid package could make Australians more obvious targets of guerrilla activity, especially in the Cambodian countryside.

[Evans] It has to be acknowledged that there is an element of risk, sure, for any Australian in Cambodia at the moment. [end recording]

No Important ASIS Files Destroyed by Fire

*BK2911071194 Melbourne Radio Australia in English
0500 GMT 29 Nov 94*

[FBIS Transcribed Text] The federal government says a weekend fire at the Canberra office of the Australian Secret Intelligence Service [ASIS] did not result in the loss of any important files. ASIS is responsible for matters affecting Australia's external security.

The foreign minister, Gareth Evans, has denied media reports that the blaze destroyed key files needed to assist wide-ranging inquiry into the activities of ASIS. Senator Evans said a number of records—both paper and computer base—were destroyed, but all data was duplicated elsewhere in the building and no data was irretrievably lost. However, the opposition's coalition spokesman on foreign affairs, Peter Reith, says the government must investigate the fire to rule out the possibility of arson. Mr. Reith says the fire occurring as it did at the time of the ASIS inquiry is just too coincidental to be beyond suspicion.

Immigration Reports Arrival of More Boat People

*BK2911065494 Melbourne Radio Australia in English
0500 GMT 29 Nov 94*

[FBIS Transcribed Text] The Department of Immigration says it needs to improve its lines of communications with China in the wake of the increasing number of boat people arriving in Australia. Cathy Kellos reports that over the last five years, a total of 29 boats carrying more than 1,200 people have been apprehended in Australian territorial waters.

[Begin Kellos recording] Just in the last two weeks, a total of four boats had arrived on Australian shore carrying more than 300 people. The department's spokesperson says he is aware of reports of more boats on the their way at the moment from Beihai in Guangxi Province near the Vietnamese border.

The department has acknowledged there is an increase number of boats arriving and it needs to upgrade its level of contact with Chinese authorities. The department says boat people are mistaken to think they will be granted refugee status simply because others have been successful in the past. It says cases are dealt with on individual merits. [end recording]

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